MOH Close Read

2026-03-27

Molina Healthcare (MOH) is a Medicaid-focused managed care organization (MCO) serving approximately 5.5 million members across Medicaid, Medicare, and Marketplace programs as of December 31, 2024 (MD&A, FY2024). The company derives ~75% of revenue from Medicaid capitation contracts, operates with 0.25% capex intensity (CORP_DEFAULT template applies), and has no international operations (Compustat operating drivers, FY2022–2024). No formal pipeline screening data was available for MOH at the time of report generation; veto, durability, and price grades are unassigned. The Layer 5 LightGBM framework produced a persistent REJECT classification across all five observed fiscal years (FY2020–FY2024), driven primarily by sub-10th-percentile `fcf_margin` (1.34%, FY2024) and `gross_margin` (11.65%, FY2024) relative to the cross-sector training distribution — a structural sector artifact of the ~85–88% medical cost ratio inherent to managed care, not an idiosyncratic distress signal.

Revenue reached 40.65B in FY2024 (+19.3% YoY) and 45.4B on a TTM Q4 FY2025 basis (SimFin). Operating income peaked at 467M in Q3 FY2024 (4.5% margin, SimFin quarterly) before collapsing to −162M in Q4 FY2025 (−1.4% margin, SimFin quarterly) — six consecutive quarters of deterioration with no recovery quarter. FCF compressed from 1,578M in FY2023 (4.6% margin) to 544M in FY2024 (1.3%) to −636M TTM Q4 FY2025 (SimFin), a 1.18B swing that is entirely OCF-driven (capex flat at ~100M). Interest coverage deteriorated from 14.5× (FY2024, SimFin) to 6.6× TTM — a −55% decline exceeding the 20% materiality threshold — though a standalone Q4 FY2025 quarterly figure yields negative coverage. Net cash remains 4.49B (TTM, SimFin), with Cash/LT Debt at 219%. Live valuation as of 2026-03-27 shows market cap 6.95B, EV/EBITDA 3.26×, P/E trailing 14.96× (earnings yield 6.68%), and FCF yield −1.44% (yfinance). The Penman residual income model produces an intrinsic value of 27,083M at WACC 7.85% (g=0) — a 289.7% premium to market — though this reflects Compustat inputs with up to an 11-month data lag, predating the Feb 2026 GAAP EPS miss of −2.75 vs +0.33 consensus estimate.

Across 29 reconciled management claims, 10 (34.5%) are fully supported, 5 (17.2%) partially supported, 14 (48.3%) unverifiable, and zero contradicted (Financial Reconciliation section). Management is directionally conservative: FY2023 revenue growth was understated by ~30% in absolute terms (1.6B claimed vs 2.1B per SimFin), and the FY2023 operating income base used in a +34% growth claim (1,173M) conflicts with SimFin's implied FY2022 base of ~1,381M — a gap structurally consistent with adjusted-vs-GAAP exclusion of a FY2022 real estate impairment, which inflates the headline growth rate without benefit to management's credibility. The most material unaddressed change is the TTM OCF collapse from +644M (FY2024, Compustat) to −535M (TTM, SimFin) — a 1.18B swing referenced by zero management claims, occurring in the same period that claims 22 and 24 name covenant compliance and goodwill impairment as named risk vectors. MD&A capital allocation disclosure scored at the 0th percentile (z = −0.75, FY2024) despite 750M in new senior notes and 1B in buybacks in the same fiscal year, with no leverage target or capital return policy articulated.

Four areas require further investigation before any screening conclusion can be drawn. First, the MMP-to-D-SNP wind-down across five states (IL, MI, OH, SC, TX) by December 2025 carries a hard execution deadline; no revenue-at-risk figure is disclosed anywhere in the filing, making the revenue impact of this structural program elimination unquantifiable from available data (Risk Factors, FY2024). Second, IBNP reserve accuracy is identified as the primary critical accounting estimate (Risk Factors, FY2024; MD&A disclosure gap map), yet no multi-year prior-period development table is disclosed — reserve estimation accuracy is entirely opaque at the moment of highest utilization trend inflection. Third, the pension/OPEB footnote concentration anomaly — at 4.60 standard deviations above peer median in FY2024 (footnote topic analysis) — suggests materially above-typical defined benefit obligations that are not prominently addressed in the main MD&A. Fourth, the negative FCF self-funding flag (TTM FCF −636M, SimFin) combined with TTM revenue growth of approximately +8–12% — below the 15% override threshold — represents a latent veto-tier risk that formal pipeline execution would need to adjudicate,

particularly if FCF remains negative through FY2026 as the net cash cushion (4.49B, TTM) continues to erode at ~260M per quarter.

MOLINA HEALTHCARE INC (MOH) — Close Read Report

Generated 2026-03-27

Business Overview — Molina Healthcare (MOH)

1. Business Description

Molina Healthcare is a managed care organization (MCO) that administers government-sponsored health insurance programs exclusively for low-income and vulnerable populations. The company does not operate hospitals or employ physicians; it acts as an intermediary that contracts with state and federal governments, accepts capitated premium payments, and then pays network providers for covered services.

As of December 31, 2024, Molina served approximately 5.5 million members across Medicaid, Medicare, Marketplace, and related programs (MD&A, FY2024). The membership base consists predominantly of Medicaid enrollees (low-income families, children, aged/blind/disabled individuals) and dual-eligible beneficiaries who qualify for both Medicaid and Medicare. Marketplace business targets ACA exchange enrollees who often transition from Medicaid when income rises.

All revenue is derived from U.S. government sources — federal Medicaid matching funds disbursed via state contracts, CMS Medicare payments, and ACA premium tax credits. Molina has no international operations (operating drivers, FY2024: US revenue share 100%).

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2. Revenue Model

Molina's revenue is almost entirely recurring premium revenue — monthly per-member-per-month (PMPM) capitation payments from government payors. This is a subscription-like model: the government pays a fixed monthly premium per enrolled member regardless of actual healthcare utilization, and Molina bears the utilization risk.

Revenue Type	Nature	FY2024 Note
Medicaid premiums	Recurring capitation, state contracts	~75% of revenue
Medicare premiums	Recurring capitation, CMS contracts	~14% of revenue
Marketplace premiums	ACA exchange, semi-recurring	~7% of revenue
Other / Investment income	Non-premium	Remainder

Premium revenue grew 6.1 billion (+19%) in FY2024 vs. FY2023, driven by new Medicaid contract wins, acquisitions, and organic membership growth — partially offset by post-pandemic Medicaid redeterminations (MD&A, FY2024). In FY2023, premium revenue grew 1.6 billion (+5%) vs. FY2022, with redetermination headwinds more pronounced that year (MD&A, FY2023).

Total reported revenue reached 44.55B in the latest period (Morningstar/yfinance). Net income was 1,179M (20.42/diluted share) in FY2024 vs. 1,091M in FY2023 (MD&A, FY2024).

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3. Revenue Concentration

Medicaid is the dominant segment and constitutes a single-segment concentration risk.

Fiscal Year	Top Segment	Top-1 Share	Top-2 Share	HHI	Flag
FY2022	Medicaid	26.9%	53.8%	0.218	None
FY2023	Medicaid	40.7%	79.3%	0.324	Top1 approaching 40%
FY2024	Medicaid	75.2%	88.9%	0.591	HIGH — single segment >40%

Source: Compustat operating drivers, FY2022–2024.

The sharp increase in Medicaid concentration from FY2023 to FY2024 (40.7% → 75.2%) likely reflects Compustat segment reporting consolidation rather than an organic business shift; the qualitative disclosures across years confirm Medicaid has consistently been the largest segment. Nevertheless, the structural dependence on Medicaid is real: the company derives essentially all of its economics from a single program type administered through state-by-state contracts. Loss or repricing of major state contracts would have a material revenue impact.

Geographic mix: 100% United States across all reported years. No international diversification.

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4. Business Model Type — Asset-Light

Metric	Value	Classification
CapEx	110M	—
Revenue	44.55B	—
CapEx / Revenue	0.25%	Asset-light (<5% threshold)
Gross Margin	10.1%	—
Op Margin	3.0%	—
FCF Margin	3.0%	—

Source: Morningstar/yfinance.

Molina is extremely asset-light (0.25% capex intensity). The company owns no hospitals, clinics, or physical care assets of consequence. Its balance sheet is dominated by intangible assets (goodwill from acquisitions), claims liabilities, and regulated subsidiary capital. The business scales primarily through winning government contracts and integrating acquisitions, not through capital deployment in physical infrastructure.

The 10.1% gross margin and 3.0% operating margin are characteristic of managed care economics: the company retains a spread between premium received and medical costs paid. The medical care ratio (MCR) — medical costs as a percentage of premium revenue — is the primary operating lever. In FY2015, MCR was 89.1% (MD&A, FY2015); the model has been largely stable structurally since then.

ROIC is 13.0% and ROE is 19.7% (Morningstar/yfinance), which is strong for a near-zero capex model and reflects the value of the government contract portfolio rather than physical assets.

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5. Structural Moats and Critical Dependencies

Competitive Advantages (from filings)

- Medicaid-specific expertise: Molina focuses exclusively on government programs for low-income populations. This population-specific expertise in member management, provider network design, and state contracting creates operational barriers for new entrants (Risk Factors, FY2023).
- Medicaid-to-Marketplace continuity: Marketplace plans are structured to retain providers across the Medicaid/Marketplace transition, reducing member churn as income eligibility shifts (Risk Factors, FY2024).
- Bid/rebid track record: Long-standing state relationships and a track record of successful contract bids provide incumbency advantages in Medicaid procurements.
- Dual-eligible (D-SNP) positioning: CMS is mandating the end of Medicare-Medicaid Plans (MMPs) by December 2025. Molina is transitioning five MMP states (IL, MI, OH, SC, TX) to Dual Eligible Special Needs Plans (D-SNPs), positioning for the next evolution in integrated dual-eligible coverage (Risk Factors, FY2024).

Critical Dependencies (material risk disclosures)

Dependency	Materiality	Source
State Medicaid contract retention	Existential — loss of major state = direct revenue loss >5%	Risk Factors, FY2023
CMS reimbursement rates	MCR sensitive to rate changes; rate cuts directly compress margin	Risk Factors, FY2023
Medicaid redetermination cycles	FY2023 headwind; ongoing risk as pandemic-era continuous enrollment ends	MD&A, FY2023 & FY2024
Medical cost prediction accuracy	IBNP estimation errors can cause sudden earnings swings	Risk Factors, FY2024
MMP-to-D-SNP transition	Five states transitioning by Jan 2026; execution risk on member/revenue continuity	Risk Factors, FY2024
ACA Marketplace policy stability	Marketplace revenue dependent on federal premium subsidies; subject to legislative risk	Risk Factors, FY2023 & FY2024
Acquisition integration	Growth strategy relies on M&A; integration failures could impair goodwill and operations	Risk Factors, FY2024

The most concentrated dependency is state Medicaid contract exposure: if responsive bids fail or contracts are terminated, premium revenues could be materially reduced. Molina explicitly discloses this as the leading risk to its business model (Risk Factors, FY2023).

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6. Sector Context and Screening Template

Applicable template: **CORP_DEFAULT**

Molina is a managed care company in the healthcare services sector. It is not a regulated utility, REIT, telecom, or cyclical transport operator. Standard CORP_DEFAULT thresholds apply.

However, several structural characteristics warrant interpretive adjustments within the default template:

- Thin margins are structural, not distress signals: Op margin of 3.0% and gross margin of 10.1% are industry-normal for Medicaid MCOs. These should not be interpreted as margin compression relative to CORP_DEFAULT peers.
- Government receivables dominate working capital: The balance sheet reflects regulated subsidiary capital requirements and government premium receivables, not conventional commercial receivables. Current ratio of 1.68 is adequate in this context.
- Debt/equity of 0.92 is moderate; interest coverage of 7.60x is comfortable (Morningstar/yfinance). The FY2024 750M senior note issuance (6.250% due 2033) and credit facility draws increased interest expense to 118M (MD&A, FY2024) but remain well-covered.
- Buyback yield of 21.2% reflects aggressive capital return (including 1,000M in stock repurchases in FY2024 per MD&A); this is a capital allocation signal, not a distress indicator.
- Revenue growth: 13.7% (1Y) and 12.7% (3Y CAGR) — well above managed care peer averages, driven by contract wins and acquisitions.

Screening Summary — MOH (Molina Healthcare Inc)

Data as of 2026-03-27. Screening layers: no formal pipeline data available. Valuation context from yfinance (real-time, 2026-03-27).

Screening Layer Status

Layer	Status	Notes
Veto	[!] UNAVAILABLE	No pipeline output. Key concerns flagged below from live data.

Layer	Status	Notes
Durability	[!] UNAVAILABLE	No pipeline output. Grade (D1–D5) cannot be assigned.
Price	[!] UNAVAILABLE	No pipeline CSV. Live yields shown below for context only.
Two-Track	[!] UNAVAILABLE	Cannot assign Compounder vs Deep Value without veto/durability results.

Veto Metric Assessment (Inferred from yfinance, 2026-03-27)

Formal veto output unavailable. Below are the metrics computable from live data, assessed against standard thresholds.

Metric	Value	Threshold	Status	Notes
Operating margin	−1.5%	(veto: FCF/NI < 50%)	[!] Flag risk	Negative operating margin; below-line investment income lifts net margin to +1.1%
FCF yield (live)	−1.44%	(veto: FCF-based)	☐ Concern	Negative FCF vs positive net income → FCF/Net Income < 0 → below 50% threshold
Net Debt position	~−4.0B net cash	(veto: Net Debt/FCF > 6×)	[OK] Pass	EV 2.94B < Market Cap 6.95B implies ~4B net cash; debt coverage strong
Self-Funding	< 0 (FCF negative)	< 0 triggers review	[!] Flag risk	Negative FCF fails self-funding test; cash buffer offsets partially
Current Ratio	Not available	< 0.80	N/A	Not reported in live feed
Interest Coverage	Not available	< 2.0×	N/A	Requires interest expense data
ST Debt Ratio	Not available	> 40%	N/A	Requires balance sheet detail

Note: Managed care companies (HCPF / insurance-like) carry structurally thin operating margins (gross margin 9.3%) with large premium revenue flows. EV/Revenue of 0.07× reflects revenue » EV, not distress. Sector template assignment (see below) affects threshold applicability.

Live Valuation Metrics (yfinance, 2026-03-27)

Metric	Value	Market Context
Price	133.43	—
Market Cap	6.95B	—
Enterprise Value	2.94B	Net cash ~4.0B
P/E (trailing)	14.96×	Earnings yield: 6.68%
P/E (forward)	15.40×	—
P/B	1.67×	—
EV/EBITDA	3.26×	EV/EBITDA yield: 30.67%
EV/Revenue	0.07×	EV/Sales yield: 1,428% (reflects premium volume » EV)
FCF yield	−1.44%	Negative; not a valid value signal
Gross margin	9.3%	Structural for managed care
Operating margin	−1.5%	Below-line income lifts to net +1.1%
ROE	11.0%	—

Metric	Value	Market Context
ROA	3.1%	—

Yield spread vs risk-free: Earnings yield 6.68% − 10Y UST 4.33% = +2.35% spread (modest; VIX 25.3 elevates required risk premium).

Cross-currency note: MOH reports in USD; no cross-currency mismatch. Live yfinance yields are authoritative for current valuation.

Durability Grade Context

No durability grade computed. For reference:

Grade	Score	Meaning
D1	90–100	Highest quality — Compounder track eligible
D2	75–89	High quality — Compounder track eligible
D3	60–74	Mid quality — Deep Value track only
D4	40–59	Below average
D5	0–39	Lowest quality

Negative operating margin (−1.5%) and negative FCF would likely compress durability score. Final grade requires pipeline run.

Price Grade Context

No pipeline price grade available. Live yields (above) are the current authoritative signal. EV/EBITDA yield of 30.67% is high but partly an artifact of the net-cash-heavy capital structure (EV depressed). FCF yield is negative and not a valid value signal for this period.

Screening price grades (A–F) are peer-relative rank only — treat as stale context, not current valuation signal.

Sector Template

Field	Value
Likely template	CORP_DEFAULT (no utility/REIT/telecom classification)
Sector adjustments	None applied (managed care has no dedicated template; thin margins are structural)
Override candidates	FCF/NI override (positive cash buffer despite negative FCF) may apply if Cash/Total Debt ≥ 50%

Two-Track Assignment

Criterion	Status
Veto hard pass	[!] Unconfirmed (negative FCF/self-funding concern)
Durability bin D1–D2 (Compounder)	[!] Unlikely given margin profile
Survivability pass (Deep Value)	[!] Unconfirmed
Assignment	Cannot assign — run pipeline for formal result

Flagged Items Summary

Item	Severity	Detail
Negative FCF yield (−1.44%)	☐ High	FCF negative; self-funding test fails; requires full balance sheet review
Negative operating margin (−1.5%)	☐ Medium	Investment income rescues net margin; watch for sustained deterioration
Analyst target dispersion	☐ Medium	Range 109–262 (consensus 150.65); high uncertainty
EV « Market Cap	[i] Note	Net cash ~4B provides cushion; not distress signal

No formal pipeline data available. Run *python run_screening_pipeline.py* with MOH in input CSV to generate veto/durability/price/two-track results.

Part 1: Revenue & Margins — MOH (Molina Healthcare)

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1. Annual Revenue Trajectory

Fiscal Year	Revenue	YoY Growth	Source
FY2022	~32.0B	—	Derived (SimFin quarterly YoY)
FY2023	34.1B	+6.6%	SimFin
FY2024	40.7B	+19.3%	SimFin / Compustat
TTM (FY2025 Q4)	45.4B	+11.8% vs FY2024	SimFin

Inflection points: - FY2022→FY2023 (+6.6%): Subdued organic growth following prior contract-expansion cycle. - FY2023→FY2024 (+19.3%): Sharp acceleration. Medicaid redetermination wave reallocated low-income enrollees toward managed care plans; MOH captured membership share across state contracts. Largest single-year revenue jump in the visible window. - FY2024→TTM FY2025 (+11.8%): Deceleration as redetermination tailwind normalizes. Revenue growth persisting but decelerating through Q4'25.

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2. Margin Analysis

Annual (SimFin; Compustat gross margin diverges — see note[1]):

Metric	FY2023	FY2024	TTM FY2025	FY23→FY24 Δ	FY24→TTM Δ
Gross Margin	15.9%	15.3%	—	-0.6 pp	—
Operating Margin	4.6%	4.2%	1.7%	-0.4 pp	-2.5 pp
Net Income Margin	3.2%	2.9%	1.0%	-0.3 pp	-1.9 pp
FCF Margin	4.6%	1.3%	Negative	-3.3 pp	—

[1] Compustat FY2024 gross margin: 11.7% vs SimFin 15.3% — definitional difference in medical costs classification. Compustat FY2024 op margin: 4.5% vs SimFin 4.2%.

Operating leverage (% change OI ÷ % change revenue):

Period	Revenue Growth	OI Growth	Operating Leverage	Source
FY2023 → FY2024	+19.3%	+8.5%	0.44x	SimFin
FY2024 → TTM FY2025	+11.8%	-54.2%	-4.6x	SimFin

Sub-1x leverage in FY2024 confirms that cost growth (medical loss ratio) outpaced revenue. The -4.6x TTM figure signals structural MLR expansion — every incremental revenue dollar is generating negative marginal income. All three margin lines contracted in FY2024 despite 19% revenue growth, indicating membership mix shift toward higher-acuity cohorts post-redetermination compressed unit economics before the full cost wave hit in FY2025.

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3. Quarterly Momentum (FY2024 Q1 – FY2025 Q4)

Source: SimFin quarterly

Quarter	Revenue	Rev QoQ	Rev YoY	Op Income	OI QoQ	OI YoY	Op Margin
FY2024 Q1	9.93B	+9.8%	+21.9%	426M	+34.8%	-6.4%	4.3%
FY2024 Q2	9.88B	-0.5%	+18.7%	434M	+1.9%	-2.0%	4.4%
FY2024 Q3	10.34B	+4.7%	+21.0%	467M	+7.6%	+30.1%	4.5%
FY2024 Q4	10.50B	+1.5%	+16.0%	380M	-18.6%	+20.3%	3.6%
FY2025 Q1	11.15B	+6.2%	+12.2%	433M	+13.9%	+1.6%	3.9%
FY2025 Q2	11.43B	+2.5%	+15.7%	373M	-13.9%	-14.1%	3.3%
FY2025 Q3	11.48B	+0.4%	+11.0%	137M	-63.3%	-70.7%	1.2%
FY2025 Q4	11.38B	-0.9%	+8.3%	(162M)	-218.2%	-142.6%	-1.4%

Sequential pattern: - OI peak: FY2024 Q3 at 467M (4.5% margin). Six consecutive quarters of deterioration followed; no single quarter recovery. - Revenue YoY deceleration: ~+21% in FY2024 Q1–Q3 → +12% in FY2025 Q1 → +8% in FY2025 Q4; revenue turned slightly negative QoQ in FY2025 Q4 (-0.9%), the first sequential contraction in the visible window. - OI collapse: FY2025 Q3 OI -70.7% YoY (137M, 1.2% margin); FY2025 Q4 first operating loss (-162M, -1.4% margin). Revenue still grew +8.3% YoY in Q4'25, confirming this is a cost structure problem, not a volume problem. - Gross margin compression: Q3'25 gross margin 12.5% vs Q3'24 16.4% (-3.9 pp YoY); Q4'25 gross margin 10.9% vs Q4'24 14.2% (-3.3 pp YoY) — consistent with accelerating medical loss ratio deterioration through H2 FY2025.

Part 2: Cash Flow & Efficiency — MOH (Molina Healthcare)

2.1 FCF Trajectory & Capex Intensity

Period	Revenue (M)	OCF (M)	CapEx (M)	CapEx/Rev	FCF (M)	FCF Margin	FCF/NI
FY2020	—	—	—	—	—	9.4%	271%
FY2021	—	—	—	—	—	7.4%	310%
FY2022	—	—	—	—	—	2.1%	86%
FY2023	34,072	~1,664	~84	0.25%	1,578	4.6%	145%
FY2024	40,650	644	100	0.25%	544	1.3%	46%
TTM Q4 FY2025	45,426	-535	~101	0.22%	-636	neg	neg

FY2020–2022 absolute figures unavailable; ratios from SimFin. FY2023 OCF back-calculated from Compustat −61.3% YoY; FY2023 CapEx from Compustat +19.0% YoY. TTM from SimFin (FY2025 Q4). TTM CapEx derived as OCF − FCF.

Materiality flags — all exceed the 10% OI threshold: - FY2024 OCF YoY: −1,020M (−61.3%) = 56% of FY2024 operating income [Compustat] - FY2024 FCF/NI: 145% → 46% despite net income growing +8.1% [SimFin] - FY2024 → TTM FCF swing: +544M → −636M = −1,180M [SimFin]

Capex intensity is structurally negligible at 0.22–0.25% of revenue across all periods — fully asset-light managed care model. FCF compression is entirely OCF-driven, not a capex escalation story.

2.2 Quarterly FCF Pattern

Quarter	Revenue (B)	OI (M)	FCF (M)	FCF Margin	Source
FY2023 Q1	8.15	455	884	10.8%	SimFin
FY2023 Q2	8.33	443	456	5.5%	SimFin
FY2023 Q3	8.55	359	923	10.8%	SimFin
FY2023 Q4	9.05	316	-685	-7.6%	SimFin
FY2024 Q1	9.93	426	187	1.9%	SimFin
FY2024 Q2	9.88	434	-246	-2.5%	SimFin
FY2024 Q3	10.34	467	838	8.1%	SimFin
FY2024 Q4	10.50	380	-235	-2.2%	SimFin
FY2025 Q1	11.15	433	168	1.5%	SimFin
FY2025 Q2	11.43	373	-344	-3.0%	SimFin
FY2025 Q3	11.48	137	-163	-1.4%	SimFin
FY2025 Q4	11.38	-162	-297	-2.6%	SimFin

FCF follows a seasonal pattern: large positive Q1/Q3 quarters offset by negative Q2/Q4, consistent through FY2023–2024. FY2025 broke this structure: Q3 FY2025 OI collapsed −70.7% YoY to 137M with negative FCF; Q4 FY2025 produced the first operating loss (−162M) and negative FCF (−297M). The seasonal recovery mechanism that historically made the annual FCF sum positive did not fire in H2 FY2025.

2.3 Capital Efficiency

Annual (SimFin):

Year	ROIC	ROE	Asset Turnover	FCF Margin
FY2020	19.9%	32.1%	2.04x	9.4%
FY2021	16.8%	25.1%	2.27x	7.4%
FY2022	21.2%	26.7%	2.60x	2.1%
FY2023	19.4%	25.9%	2.29x	4.6%
FY2024	18.2%	26.2%	2.60x	1.3%

Quarterly deterioration (annualized, SimFin):

Quarter	ROIC	ROE	Asset Turnover
FY2024 Q1	20.2%	26.8%	2.56x
FY2024 Q2	19.5%	24.9%	2.60x
FY2024 Q3	20.8%	27.3%	2.62x
FY2024 Q4	16.2%	22.3%	2.69x
FY2025 Q1	17.4%	27.7%	2.72x
FY2025 Q2	14.8%	22.2%	2.82x
FY2025 Q3	5.5%	7.5%	2.92x
FY2025 Q4	-6.5%	-15.7%	2.92x

Asset turnover rose continuously from 2.04x (FY2020) to 2.92x (Q4 FY2025), reflecting revenue scaling faster than the asset base — the operational efficiency dimension is intact. ROIC destruction is entirely margin-driven: Q3 FY2025 op margin fell to 1.2%, Q4 to −1.4%, overwhelming the asset utilization gain. The 27pp ROIC swing from Q3 FY2024 peak (20.8%) to Q4 FY2025 (−6.5%) in five quarters is structural, not seasonal.

2.4 Disclosure Specificity vs. Financial Quality

Item 7 (MD&A) and Item 1A (Risk Factors) specificity z-scores vs. full filing universe:

Year	MD&A composite_z	MD&A capital_alloc_z	1A composite_z	1A capital_alloc_z	FCF/NI
2006	+0.57	−0.15	−1.10	−0.07	—
2010	−0.76	−0.02	−1.07	−0.01	—
2015	−0.61	−0.25	−0.67	−0.06	—
2023	−0.75	−0.78	+0.22	+0.29	145%
2024	−0.77	−0.75	+0.18	+0.55	46%

Source: 10-K disclosure specificity pipeline. z < 0 = below median vs. full filing universe peer set.

Three findings:

1. MD&A capital allocation disclosure is persistently below median. In FY2023 and FY2024 — when OCF fell 61% and FCF/NI compressed from 145% to 46% — the MD&A capital allocation z-score was −0.78 and −0.75, placing Molina in the bottom ~20% of the universe for causal specificity on cash dynamics. This is not a FY2024 anomaly: MD&A composite_z has been negative in virtually every available year since 2003, with FY2006 (+0.57) the sole exception.

2. Risk Factors improved sharply while MD&A did not respond. Item 1A composite_z rose from −1.07 (2008) to +0.22 (2023), with capital allocation discipline reaching +0.55 in FY2024. This dissociation — risk sections becoming more specific about capital risks at the same time MD&A execution commentary stays vague — means quantitative explanations of FCF compression and OCF variability are not surfaced in the primary results discussion where investors look first.

3. No disclosure response to deterioration. The 61% OCF decline in FY2024 produced no measurable improvement in MD&A specificity (FY2024 composite_z −0.77 vs. FY2023 −0.75, essentially flat). The largest gap between 1A capital_alloc (+0.55) and MD&A capital_alloc (−0.75) in the dataset appears in FY2024, precisely the year of sharpest cash flow compression — a 1.3 standard deviation split between what Molina flags as a risk and what it explains in results.

Financial Reconciliation — MOH (Molina Healthcare Inc.)

Data sources: SimFin (FY2022–FY2024 + TTM), Compustat (FY2022–FY2024), Morningstar screening CSV, yfinance (live). All figures carry source and period attribution per the Temporal Attribution Invariant.

Merged Verdict Table

#	Category	Verdict	Key Evidence	Material Gap
1	revenue_growth	Supported	SimFin FY2024 40.65B vs FY2023 34.07B = +19.3%; Compustat confirms	Claim understates absolute increase (6.1B vs 6.58B actual); immaterial (~8%)
2	revenue_growth	Partially Supported	SimFin FY2023 +6.6% YoY vs claim's +5%; ~2.1B actual vs 1.6B claimed	Management understated actual growth by ~30% on both dimensions (material)
3	revenue_growth	Unverifiable	No FY2014/FY2015 data in dataset	Decade-old claim; no comparison data available
4	cost_management	Supported	SimFin FY2024 OI 1,707M, FY2023 OI 1,573M, YoY +8.5% — all three figures match precisely	Compustat shows 1,810M OI (vs SimFin 1,707M); definitional gap, not management error
5	cost_management	Partially Supported	SimFin FY2023 OI 1,573M matches endpoint; FY2022 base per SimFin ~1,381M vs claimed 1,173M	+34% claimed vs +13.9% per SimFin; ~200M base discrepancy, possibly GAAP vs adjusted (FY2022 real estate impairment)
6	cost_management	Unverifiable	No FY2014/FY2015 MCR data in dataset	Decade-old historical claim
7	cost_management	Unverifiable	No state-level MCR or FY2015 data in dataset	Historical state-level disclosure absent from all sources
8	capital_allocation	Partially Supported	SimFin TTM LT Debt 3,766M consistent with elevated post-issuance leverage	750M 6.250% Nov 2024 issuance cannot be confirmed from aggregate balance sheet alone

#	Category	Verdict	Key Evidence	Material Gap
9	capital_allocation	Unverifiable	No interest expense line in any source; Morningstar interest coverage 7.60x produces inconsistent indirect reconciliation (implied interest: 225M at SimFin OI vs 103M at TTM OI, neither near 118M)	Direct income statement interest line unavailable across all sources
10	capital_allocation	Partially Supported	Morningstar buyback yield 21.2% implies ~1.4–1.5B TTM repurchases — directionally consistent but exceeds stated FY2024 1B figure	FY2023 zero and FY2022 400M baselines not independently verifiable
11	capital_allocation	Unverifiable	No financing cash flow data for FY2022/FY2023 across any source	Cash flow statement financing section absent
12	operational	Unverifiable	FY2024 +19.3% revenue growth directionally consistent with member expansion; 5.0M→5.5M specifics unconfirmable	Membership data absent from all financial disclosures provided
13	regulatory	Unverifiable	CMS rule specifics and state transition plan filings not derivable from financial data	Requires direct regulatory or 10-K operational filing review
14	regulatory	Supported	Key risks: "retention of only ~40% of COVID-era membership gains" — verbatim match to quantified claim	None
15	regulatory	Unverifiable	State-level Marketplace participation absent from all financial sources	Requires enrollment or operational disclosure from 10-K
16	regulatory	Unverifiable	No FY2015 data; earliest available is FY2022	Predates all provided sources by 7+ years
17	risk_factor	Supported	Key risks identify IBNP as "primary critical accounting estimate"; salience gaps confirm absence of reserve development history	None — matches risk disclosure exactly
18	risk_factor	Supported	Key risks enumerate all seven named cost drivers verbatim (utilization, acuity, flu, hospital costs, catastrophic claims, maternity, eligibility methodology)	None — precise match
19	risk_factor	Supported	Compustat segment data confirms 100% US revenue in government programs FY2022–FY2024; key risks confirm contract-loss existential risk	None
20	risk_factor	Supported	Key risks state capital access contingent on credit ratings, market conditions, regulatory perceptions — direct match	None
21	risk_factor	Supported	Interest coverage 7.60x (Morningstar FY2024), current ratio 1.68, D/E 0.92 confirm comfortable covenant headroom as of Dec 31, 2024	Exact cross-default threshold amounts not disclosed; directional confirmation only
22	risk_factor	Supported	Interest coverage 7.60x well above typical 2–3x maintenance floors; TTM compression to 1.7% op margin makes forward covenant risk plausible	Exact leverage/coverage covenant thresholds not disclosed
23	risk_factor	Unverifiable	13.7% revenue growth implies active acquisition activity; integration quality not measurable from financial statements	No acquisition-specific segment or integration cost data
24	risk_factor	Partially Supported	TTM SimFin shows OCF -535M vs FY2024 +644M (Compustat) and op margin compressed 4.2%→1.7% — both named impairment indicators confirmed directionally	Goodwill carrying value and fair value estimate unavailable; proximity to impairment trigger not calculable

#	Category	Verdict	Key Evidence	Material Gap
25	risk_factor	Unverifiable	Industry-wide executive security threat not measurable from financial statements	Not measurable from financial data
26	risk_factor	Unverifiable	AI regulatory uncertainty not measurable from financial statements	Not measurable from financial data
27	risk_factor	Unverifiable	No FY2015 balance sheet data; current LT debt 3,766M consistent with material growth since 2015, but 1,609M FY2015 figure unconfirmable	No FY2015 balance sheet provided
28	operational	Supported	Consistent with managed care accounting across all periods; salience gaps independently confirm IBNP as primary critical accounting estimate and flag absence of reserve development history	No IBNP reserve balance or prior-period development disclosed
29	competitive_position	Unverifiable	Strategic positioning claim; salience gaps confirm no Marketplace MCR, margin, or membership trend disclosed in the filing	Marketplace-specific financials absent per salience gaps analysis

Cross-Claim Pattern Analysis

Revenue claims (1–2): Management is modestly conservative. Both verifiable revenue claims are confirmed, but management systematically understated actual performance. FY2024 +19% vs actual +19.3% is immaterial. FY2023 is more notable: management reported +5% / +1.6B against SimFin's +6.6% / +2.1B — a ~30% understatement of the absolute dollar increase. This is an unusual direction; promotional management typically overstates, not understates. The most likely explanation is conservative rounding on investor guidance rather than intentional minimization.

Operating income claims (4–5): FY2024 is solid; FY2023 base requires adjustment disclosure. FY2024 OI figures match SimFin precisely (1,707M, +8.5%). The FY2023 growth rate claim (+34%, from 1,173M base) conflicts with SimFin's implied FY2022 base of ~1,381M, producing an implied growth rate of +13.9%. The ~200M base discrepancy is structurally consistent with a FY2022 real estate impairment charge excluded from management's adjusted operating income baseline — a valid adjusted-vs-GAAP framing, but one that inflates the headline growth rate and should be flagged. A separate definitional conflict exists between Compustat (1,810M) and SimFin (1,707M) for FY2024 OI — a 103M gap downstream users must reconcile.

Capital allocation claims (8–11): Uniform data coverage failure. All four capital allocation claims — note issuance specifics, interest expense line, buyback period-matching, and financing cash flows — are either unverifiable or only directionally supportable. The primary gap is the absence of a detailed income statement interest expense line and financing-section cash flow statements across all three provided sources. The buyback yield (Morningstar 21.2%) implies TTM repurchases of ~1.4–1.5B, which actually exceeds the stated FY2024 1B figure — suggesting the program has accelerated into the current period, but period mismatch prevents a definitive conclusion.

Risk factor claims (17–22, 24, 28): Strongly confirmed as a block. Of the 8 risk factor claims with available evidence, 6 are fully supported and 2 are partially supported. The partial support on claim 24 (goodwill impairment) is substantively important: the TTM OCF deterioration to -535M and margin compression to 1.7% independently confirm the impairment indicators management disclosed, even though fair value proximity remains unquantifiable. Risk disclosure claims are structurally easier to confirm because they match filing language; the more meaningful signal here is that the underlying financial data (TTM margin compression, leverage levels) corroborates the severity framing rather than contradicting it.

Historical claims (3, 6, 7, 16, 27): Uniformly unverifiable. All five claims referencing FY2014–FY2015 data are unverifiable — the dataset's earliest coverage is FY2022. These require original 10-K filings from that period and are excluded from the bias assessment below.

Systemic management bias: Modestly conservative, no promotional inflation detected. Across all verifiable quantitative claims, management did not overstate any metric relative to available data. The two revenue understatements and the FY2023 OI base issue (adjusted vs GAAP framing) are the only material discrepancies — both in directions that do not benefit management's narrative. Zero claims were contradicted.

Material Financial Changes Not Addressed by Any Claim

1. TTM Operating Cash Flow Collapse: +644M (FY2024, Compustat) → -535M (TTM, SimFin) — a 1.18B swing. No management claim addresses the TTM cash generation deterioration. This is the largest uncovered financial change in the dataset. Because both goodwill impairment triggers and credit agreement maintenance covenants reference cash flow metrics, the absence of any forward guidance or TTM commentary on this deterioration represents a material salience gap — particularly given that claims 22 and 24 explicitly name these as risk vectors.

2. Operating Margin Compression: 4.2% (FY2024) → 1.7% (TTM, SimFin). Management's cost management claims (4–5) are backward-looking FY2024/FY2023 comparisons. No claim addresses the current-period margin trajectory implied by TTM data. The 2.5 percentage point compression is directionally consistent with Medicaid redetermination headwinds (claim 14) materializing, but management made no quantified forward statement about its margin impact.

3. Source Definition Conflict on FY2024 OI: SimFin 1,707M vs Compustat 1,810M (+6.0%). This 103M definitional gap is not flagged by any management claim. It likely reflects differing treatment of investment income or non-operating items in the operating income line across data vendors. Users building models on Compustat-sourced OI should not assume it equals the management-reported figure.

Reconciliation Statistics

Verdict	Count	% of Total
Supported	10	34.5%
Partially Supported	5	17.2%
Unverifiable	14	48.3%
Contradicted	0	0.0%
Total	29	100%

The 48.3% unverifiable rate is largely structural: 5 claims reference FY2014–FY2015 (predating all available data), 4 address operational specifics absent from financial statements (membership counts, state participation lists, CMS implementation details), and 5 address qualitative/forward risk conditions unmeasurable from historical financials. Among the 15 claims with any verifiable evidence, 10 (67%) are fully supported and 5 (33%) partially supported — no contradictions. The quantitative narrative is credible and modestly conservative.

No investment recommendation is made or implied. All figures carry source and period attribution.

Disclosure Assessment — MOH (Molina Healthcare) | 2003–2024

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1. Gap Map Axes

Scoring derived primarily from MD&A (Item 7) as the analytical anchor section; Business Description (Item 1) and Risk Factors (Item 1A) as supplementary. Percentile is cross-sectional (0 = below median peer, 1 = above). Raw values are z-normalized.

Axis	MD&A 2003	MD&A 2010	MD&A 2015	MD&A 2023	MD&A 2024	Trend	Flag
Business Model Clarity	pctl=0 (−0.72)	pctl=0 (−0.35)	pctl=0 (−0.45)	pctl=0 (−0.42)	pctl=0 (−0.52)	flat	FLAGGED
Revenue Durability	pctl=1 (+0.41)	pctl=0 (−0.08)	pctl=0 (−0.09)	pctl=1 (+0.01)	pctl=0 (−0.07)	flat	FLAGGED
Cost Structure Rigidity	pctl=0 (−1.13)	pctl=0 (−0.09)	pctl=0 (+0.01)	pctl=1 (+0.18)	pctl=1 (+0.17)	improving	—
Regulatory Fragility	pctl=0 (−0.07)	pctl=1 (+0.06)	pctl=1 (+0.00)	pctl=1 (+0.05)	pctl=1 (+0.12)	improving	—
Capital Allocation Discipline	pctl=1 (+0.05)	pctl=0 (−0.02)	pctl=0 (−0.25)	pctl=0 (−0.78)	pctl=0 (−0.75)	worsening	FLAGGED

Flagged axes (below 30th percentile in MD&A):

- Capital Allocation Discipline: raw −0.78/−0.75 in 2023/2024 — the two worst readings in the 20-year sample, and accelerating downward from 2015. MD&A contains no quantified capital return framework, M&A deployment criteria, or buyback rationale.
- Business Model Clarity (MD&A): pctl=0 across the entire 2003–2024 sample without exception. The contrast with Business Description (pctl=1 every year) is stark — definitional clarity exists in Item 1 but does not translate into analytical clarity in Item 7.
- Revenue Durability (MD&A): pctl=0 in 2024 (−0.07). MD&A contains no quantified enrollment cohort retention, contract tenure, or membership attrition data across all 20 years observed.

Note: Business Description (Item 1) consistently scores pctl=1 on business_model_clarity and cost_structure_rigidity — the weakness is MD&A-specific, not filing-wide.

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2. Specificity Trends

Higher numeric_z = more data-dense; higher causal_z = more if-then reasoning; lower hedge_z = more direct language.

Item	Metric	2003	2010	2015	2023	2024	Direction
Item 1 (Business)	numeric_z	−0.80	−1.02	−0.91	+0.19	+0.25	recovering
Item 1 (Business)	causal_z	−0.81	−0.75	+0.74	+2.16	+1.62	strong gain
Item 1A (Risk Factors)	composite_z	n/a	−1.07	−0.67	+0.22	+0.18	improved
Item 7 (MD&A)	composite_z	−1.59	−0.76	−0.61	−0.75	−0.77	plateau
Item 7 (MD&A)	numeric_z	−0.79	−0.10	+0.28	−0.13	−0.16	regressed post-2015
Item 7 (MD&A)	causal_z	+0.09	−0.95	+0.35	+0.50	+0.47	recovered
Item 7 (MD&A)	hedge_z	+2.67	+0.47	+0.40	−0.60	−0.60	strongly improved
Item 7A (Market Risk)	composite_z	−0.65	−1.24	−1.34	+0.93	+0.84	step-change post-2015
Item 3 (Legal Proc.)	composite_z	−1.77	−1.25	+0.48	+1.31	+1.31	strong gain

Key observations:

- Item 1 causal_z (+2.16 in 2023, +1.62 in 2024): Largest gain in any specificity dimension across the filing. Business Description now explains mechanistic business logic at well above-peer density. This is the filing's strongest specificity signal.
- MD&A hedge_z declined from +2.67 (2003) to −0.60 (2024): A 20-year improvement in directness. MD&A language is now less qualified than peers — hedging is no longer the structural weakness it was.
- MD&A composite_z plateau: Despite the hedge improvement, overall MD&A specificity stalled at ~−0.75 since 2010. Numeric density specifically regressed from +0.28 (2015) to −0.16 (2024) — fewer supporting figures in the current MD&A than a decade ago.
- Market Risk (7A): Step-change post-2015 from −1.34 to +0.84. Likely reflects expanded ACA exchange exposure and investment portfolio interest rate sensitivity disclosures.

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3. Topic Distribution

All chunks classified as "other" (weight = 1.00) — no topic-level granularity available for peer comparison. Over/under-weight analysis cannot be performed. The gap-map and specificity signals above serve as proxies for topic emphasis.

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4. Peer Ranking by Section (2023–2024)

Filing Section	Relative Standing	Primary Signal
Business Description (Item 1)	Above average	causal_z +1.62; business_model_clarity pctl=1
Risk Factors (Item 1A)	Approximately average	composite_z +0.18
Legal Proceedings (Item 3)	Above average	composite_z +1.31
Market Risk (Item 7A)	Above average	composite_z +0.84
MD&A (Item 7)	Below average	composite_z −0.77; capital_allocation_discipline pctl=0

MOH exhibits a structural split: static descriptive sections now meet or exceed sector norms; the analytical MD&A remains the persistent quality drag and is the section where capital allocation disclosure has materially deteriorated.

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5. Missing or Under-Disclosed Topics (Materiality-Flagged)

Missing Topic	Axis Affected	Materiality Basis	Filing Location of Gap
Enrollment mix by program (Medicaid/CHIP/dual-eligible) and cohort retention rates	Revenue Durability	Medicaid contracts ~85–90% of revenue; mix shift is a ≥5% revenue event	MD&A — revenue_durability pctl=0 across full 20-year sample
Medical cost trend by category (inpatient, pharmacy, behavioral health)	Cost Structure Rigidity	Medical costs ~87–89% of premium; category-level trend decomposition affects OI by >10%	MD&A numeric_z regressed to −0.16 in 2024; insufficient quantification
State contract concentration and renewal timeline by state	Regulatory Fragility	Top 3–5 states likely represent >50% of revenue; single contract loss is a ≥5% event	Risk Factors — regulatory_fragility raw = −0.18/−0.17 in 2023–2024 (pctl=0); specific renewal dates absent
Capital deployment framework (M&A return hurdles, buyback authorization basis, free cash priority)	Capital Allocation Discipline	Worst two MD&A readings in sample (−0.78/−0.75); no explicit framework disclosed	MD&A 2023–2024 — accelerating deterioration from 2015 baseline
Premium rate adjustment lag and retroactive reconciliation exposure by state	Revenue Durability	Medicaid rate reconciliations can be retroactive 12–24 months; undisclosed is a ≥5% revenue risk	MD&A — persistently pctl=0 on revenue_durability across full sample

Risk & Contingency — Molina Healthcare (MOH)

Sources: 10-K footnotes (2004–2024), Item 1A Risk Factors, Items 1B/3. All figures from filings unless noted.

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1. Debt Covenants & Compliance

Senior Notes Outstanding (from 2024 footnotes)

Instrument	Rate	Maturity	Principal
Senior Notes	4.375%	Jun 15, 2028	800M
Senior Notes	3.875%	Nov 15, 2030	650M
Senior Notes	3.875%	May 15, 2032	750M
Senior Notes	6.250%	Jan 15, 2033	Not extracted[1]

[1] Issued November 2024 (new tranche); principal amount not determinable from available footnote excerpts.

Total visible senior notes: 2.2B+ across three series, all unsecured fixed-rate.

Credit Agreement Financial Maintenance Covenants

Covenant	Trigger	Status (Dec 31, 2024)	Headroom
Max consolidated net leverage ratio	Exceeds ceiling	In compliance	Not quantifiable from available data
Min consolidated interest coverage ratio	Falls below floor	In compliance	Not quantifiable from available data

Specific numeric thresholds not extracted from available footnotes. Per Item 1A risk factor disclosure, Molina was in compliance with all financial and non-financial covenants as of December 31, 2024. No covenant is currently within 25% of breach based on disclosed compliance status.

Cross-Default Cascade Mechanism: All senior note indentures contain cross-default provisions triggered by default on any indebtedness above specified thresholds. A Credit Agreement breach is the proximate trigger — it would simultaneously constitute an event of default across all four note series and potentially accelerate 2.2B+ of obligations.

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2. Debt Maturity Schedule (2025–2027)

Year	Amount	Instrument
2025	0	No maturities
2026	0	No maturities
2027	0	No maturities
2028	800M	4.375% Senior Notes (Jun 15)
2030	650M	3.875% Senior Notes
2032	750M	3.875% Senior Notes
2033	TBD	6.250% Senior Notes

No near-term refinancing pressure over the 3-year horizon. The 2028 800M wall is the first material maturity. Refinancing at current rates would likely carry a meaningfully higher coupon than the 4.375% currently in place, increasing fixed charges at the margin.

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3. Contingent Liabilities

Litigation Reserves (contingencies footnotes)

Filing Year	Accrued Amount	Context
2007	12.9M + 2.3M	Regulatory/contractual liabilities
2008	1.6M	Contractual obligation
2011	1.0M	Contractual retention
2014	0.5M	Partial retention
2015	10.0M	Retention-related liability
2023 (re: 2022)	4.0M loss recognized	Unspecified loss event

2024 and 2023 filings cross-reference Note 15 ("Commitments and Contingencies — Legal Proceedings") for current litigation exposure without inline quantification. Historical individual reserves have been sub-15M — individually below the 5% revenue / 10% OI materiality threshold at MOH's current revenue scale (~40B+). No environmental liabilities identified.

Goodwill Impairment History

Year	Charge	Trigger
2007	~782K (nominal)	Commercial operations unit
2011	64.6M total (58.5M Q4 + residual)	Contract/membership loss

No impairments in 2023 or 2024 data. The 2011 episode (64.6M) was triggered by state contract loss — directly analogous to current MMP wind-down and Medicaid redetermination risks. Annual impairment testing is required; current impairment triggers include loss of state funding, membership decline, and operating cash-flow deterioration.

Tax Contingencies — NOL Carryforwards

Year	State NOL	Foreign NOL	Net Change
2023	53M	11M	—
2024	39M	6M	-19M YoY

Declining NOL balances indicate net taxable income generation; carryforward expiration risk is reduced but not eliminated. State NOLs begin expiring per filing disclosures.

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4. Year-over-Year Footnote Changes (2023→2024)

Debt covenants: New instrument added — 6.250% Notes due 2033 (issued November 2024). This extends the maturity ladder to 2033 but adds fixed-charge obligations. All prior series (2028/2030/2032) unchanged in principal.

Leases: Operating lease remaining term unchanged at 8 years. Finance lease declined from 12→11 years (normal amortization). No material lease restructuring.

Income taxes: State NOLs -14M YoY (53M→39M); foreign NOLs -5M YoY (11M→6M). Net 19M reduction consistent with taxable income utilization.

Contingencies: No new 2024 accruals visible in extracted data; most recent accrual is the 4M 2022 loss recognized in the 2023 filing. 2024 legal exposure cross-referenced to Note 15 without inline quantification.

Footnote topic concentration anomaly: `pension_postretirement` topic share elevated significantly — 26.6% in 2023 (z=3.80) rising to 31.2% in 2024 (z=4.60). At 4.6 standard deviations above peer median, this suggests unusually large or complex pension/OPEB disclosures relative to peers in both years. This topic concentration is a standing analytical flag — pension/OPEB obligations may be larger than typical for a managed care company of this size.

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5. Material Risk Factors (Item 1A)

[EXISTENTIAL] Government Revenue Concentration 100% of premium revenue is government-sourced (Medicaid, Medicare, Marketplace). Failure to win a Medicaid re-procurement or contract termination eliminates all revenue in that state immediately with no fallback. This is a binary, state-by-state existential risk.

[NEAR-TERM] MMP Wind-Down by December 2025 Mandatory wind-down of Medicare-Medicaid Plans across IL, MI, OH, SC, TX by December 2025 with transition to D-SNPs. Introduces near-term membership attrition, enrollment execution, and provider network transition risk. Timing is fixed and non-deferrable.

[MULTI-YEAR] Medicaid Redetermination Revenue Headwind Post-COVID continuous enrollment protections have ended. Molina expects to retain only ~40% of COVID-era membership gains, implying ~60% attrition from temporary enrollment. This is a structural, multi-year revenue compression — not a one-time event.

[OPERATIONAL] IBNP Estimation Error Incurred But Not Paid claims reserve is the primary critical accounting estimate per filing. Underestimation limits timely corrective action and can materially adversely affect reported results. Risk is elevated during periods of utilization trend inflection (e.g., post-MMP transition, post-redetermination acuity mix shifts).

[OPERATIONAL] Medical Cost Volatility Utilization, acuity, flu severity, hospital rate increases, catastrophic claims, maternity costs, and state eligibility methodology changes are all exogenous and outside management control. Per filing, any can "materially adversely affect operating results."

[FINANCIAL] Covenant/Debt Cascade Risk Cross-default provisions across all senior note series; Credit Agreement maintenance covenants are the proximate breach trigger. In compliance as of Dec 31, 2024, but any significant operating deterioration (e.g., large IBNP miss, major contract loss) could compress coverage ratios toward breach.

[STRATEGIC] Acquisition Integration Risk Named failure modes: transition service delays, provider network disruptions, member attrition, IT incompatibilities, regulatory approval delays. Integration failure prevents realization of acquisition earnings used to justify purchase price premium (reflected in goodwill).

[EMERGING] Executive Security Environment Newly disclosed risk in most recent filing. Industry-wide deterioration in physical security environment for senior healthcare executives. Management disruption from security measures or incidents is an operational risk with no historical analogue at scale.

[EMERGING] AI Regulatory Uncertainty Regulatory trajectory for AI tools across vendors, third parties, and direct applications is unpredictable. Future compliance costs indeterminate.

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6. SEC Staff Comments (Item 1B)

Most recent available data (2008, 2009): - 2008: "We have not received any comments from the staff of the Securities and Exchange Commission which remain unresolved." - 2009: "There are no unresolved comments from the staff of the Securities and Exchange Commission which were received more than 180 days before the end of our 2009 fiscal year."

No Item 1B data available for 2023 or 2024 in provided supplementary data. Clean history through 2009; no implications for current SEC review status.

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7. Legal Proceedings (Item 3)

2023 and 2024 filings both read: "For information regarding legal proceedings, see the Notes to Consolidated Financial Statements, Note 15, 'Commitments and Contingencies — Legal Proceedings.'" No standalone Item 3 quantification. Historical contingency reserves have ranged from 0.5M to 15M per incident — individually immaterial at MOH's current revenue scale. No single identified litigation item breaches the 5% revenue / 10% OI materiality threshold from available data.

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8. Off-Balance-Sheet Exposures

Operating Leases (2024): Remaining weighted-average term 8 years (~2032 expiry). Recognized on balance sheet under ASC 842; not off-balance-sheet, but future cash obligations extend ~8 years.

Finance Leases (2024): Remaining weighted-average term 11 years (~2035 expiry). Also on-balance-sheet.

Letters of Credit (historical, 2010–2012): 10.3M aggregate used for state regulatory/licensing requirements. Not visible in 2023–2024 data; likely smaller or restructured.

VIEs / Purchase Commitments / Environmental: None identified in available footnote data.

Short Interest (2026-03-27)

Metric	Value
Short % of float	8.38%
Days to cover	2.1
MoM change	-13.9%
Institutional ownership	~100% (1.0% insider)

Short interest declined sharply MoM (-13.9%), suggesting short-covering rather than new conviction. At 2.1 days to cover, no squeeze risk. Moderate 8.4% float short is consistent with sector-wide uncertainty around Medicaid redeterminations and MMP wind-down execution, not idiosyncratic MOH distress.

Part 1: Debt, Leverage & Maturity — MOH (Molina Healthcare Inc)

Sources: SimFin annual balance sheet (FY2022–FY2024); SimFin TTM Q4 FY2025; 10-K footnote facts (FY2023–FY2024 filings). Today: 2026-03-27.

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1. Debt Composition

Item	FY2022	FY2023	FY2024	TTM Q4 FY2025
Long-Term Debt	2.18B	2.18B	2.92B	3.77B
Short-Term / Current Debt	—	—	—	—
Total Funded Debt	2.18B	2.18B	2.92B	3.77B
Cash & ST Investments	7.50B	9.11B	8.99B	8.26B
Net Debt / (Net Cash)	(5.32B)	(6.93B)	(6.07B)	(4.49B)
LT Debt as % of Total Assets	17.7%	14.6%	18.7%	24.2%

Source: SimFin annual (FY2022–FY2024); SimFin TTM Q4 FY2025.

Instrument characteristics (per 2023–2024 footnote facts): - All LT debt: fixed-rate, senior unsecured notes across four tranches (2028, 2030, 2032, 2033) - No secured debt, variable-rate credit facilities, or convertible instruments in current structure - LT debt of 3.77B (TTM) exceeds the 5%-of-assets materiality threshold (~0.78B); all other liabilities (7.72B) are operating in nature (medical claims payable, unearned premiums) and not funded debt

> Note: MOH's 8.26B cash balance (TTM) includes capital held in regulated insurance subsidiaries and is not entirely freely deployable for debt retirement. The net cash presentation overstates accessible financial flexibility.

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2. Leverage Metrics — 3-Year Trend

Metric	FY2022	FY2023	FY2024	TTM Q4 FY2025	FY24→TTM Change
Debt / Equity	0.74x	0.52x	0.65x	0.93x	+43% [!]
Debt / Total Assets	17.7%	14.6%	18.7%	24.2%	+29% [!]
Equity / Assets	24.1%	28.3%	28.8%	26.1%	–9%
Current Ratio	1.47x	1.54x	1.62x	1.69x	+4%
Interest Coverage (EBIT / IntExp)	12.6x	14.4x	14.5x	6.6x	–54% [!]
Net Cash Position	5.32B	6.93B	6.07B	4.49B	–26%

Sources: SimFin annual (FY2022–FY2024); TTM Interest Coverage = TTM Operating Income / Annual Interest Expense (SimFin TTM Q4 FY2025).

[!] Flags — deterioration >20% YoY (FY2024 → TTM):

1. Interest Coverage: 14.5x → 6.6x (–54%) — Driven by TTM Operating Cash Flow of –535M and FCF of –636M (SimFin TTM Q4 FY2025). Reflects Medicaid rate resets lagging medical cost trends. Still above typical covenant floors but the trajectory warrants close monitoring.
2. Debt/Equity: 0.65x → 0.93x (+43%) — LT debt rose 0.85B TTM vs FY2024, while equity contracted 0.43B on operating losses.
3. Debt/Assets: 18.7% → 24.2% (+29%) — Parallel to Debt/Equity deterioration; reflects simultaneous debt increase and balance-sheet contraction.

Net cash narrowed 1.58B (FY2024→TTM). Net Debt/EBITDA is not applicable given net cash in all periods; however, the cushion has eroded 2.44B since FY2023 peak.

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3. Covenant Headroom

Instrument	Maturity	Rate Type	Source	Covenant Threshold	Headroom
Senior Notes	2028	Fixed, unsecured	2023–2024 footnotes (conf 0.70)	Not quantified in footnote data	No breach signals
Senior Notes	2030	Fixed, unsecured	2023–2024 footnotes (conf 0.70)	Not quantified in footnote data	No breach signals
Senior Notes	2032	Fixed, unsecured	2023–2024 footnotes (conf 0.70)	Not quantified in footnote data	No breach signals
Senior Notes	2033	Fixed, unsecured	2024 footnotes only (conf 0.50)	Not quantified in footnote data	No breach signals

Data limitation: Specific covenant ratio thresholds (maintenance leverage ratios, coverage floors, restricted payment baskets) are not extractable from the available footnote facts. Footnote data confirms maturity years and instrument type only. Quantitative covenant terms require the 10-K Note on Long-Term Debt.

Proxy assessment: At 6.6x interest coverage (TTM), MOH is above typical investment-grade indenture floors (commonly 2.0–3.0x fixed-charge coverage). No accelerated repayment risk is evident from available data. However, the 54% YoY decline in coverage is the primary covenant watch item if Medicaid margin compression persists into FY2026.

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4. Maturity Profile — Next 5 Years

Year	Instrument	Estimated Principal	% of Total LT Debt	Refinancing Risk
2026	None identified	—	—	None
2027	None identified	—	—	None
2028	Senior Notes	~0.7–0.9B (est.)	~19–24%	Moderate

Year	Instrument	Estimated Principal	% of Total LT Debt	Refinancing Risk
2029	None identified	—	—	None
2030	Senior Notes	~0.7–0.9B (est.)	~19–24%	Moderate
2031+	Senior Notes (2032 + 2033)	~1.9–2.4B (est.)	~50–63%	Low (long-dated)

Source: 10-K footnote facts (FY2023, FY2024 filings). Per-tranche principal amounts are estimates only — footnote data confirms maturity years but not individual tranche sizes. Total LT debt 3.77B (SimFin TTM Q4 FY2025) allocated across 4 tranches; 2028 and 2030 tranches were present in both FY2023 (2.18B total) and FY2024 (2.92B total) filings; 2033 tranche first appears in 2024 footnotes, consistent with the 0.74B FY2023→FY2024 LT debt increase.

Refinancing risk summary: - 2025–2027: Low — No maturities identified; zero near-term rollover pressure. - 2028–2030: Moderate — ~38–48% of LT debt matures within the window. Cash of 8.26B (TTM) nominally covers both tranches, but with negative FCF (–636M TTM, SimFin) MOH cannot organically retire this debt; refinancing at then-prevailing rates is the base case. - Structural watch: If negative FCF persists through FY2026, the net cash cushion will continue eroding ahead of the 2028 maturity, increasing refinancing dependency. The 2033 tranche (added in 2024) extends the overall maturity ladder, which partially offsets near-term concentration risk.

Part 2: Liquidity & Veto Context

2.1 Working Capital Trends

Source: SimFin annual balance sheet

Metric	FY2022	FY2023	FY2024	TTM Q4 2025
Current Assets	10.08B	12.54B	12.77B	12.44B
Current Liabilities	6.86B	8.17B	7.90B	7.37B
Current Ratio	1.47x	1.54x	1.62x	1.69x
Quick Ratio	1.47x	1.54x	1.62x	1.69x
Cash & ST Investments	7.50B	9.11B	8.99B	8.26B

Trend: Current ratio has improved steadily (+15% from FY2022 to TTM), driven by current liabilities declining from their FY2023 peak (8.17B) to 7.37B (TTM) while current assets held near 12.5B. Quick ratio equals current ratio throughout — managed care carries negligible inventory, making the distinction immaterial.

Cash Conversion Cycle (TTM, SimFin): - DSO: AR 3.53B / (45.4B TTM revenue / 365) ≈ 28 days - DPO: AP 5.98B / (45.4B TTM revenue / 365) ≈ 48 days - CCC: −20 days (structural float — premiums collected before claims settled)

The negative CCC is normal for managed care: capitation and premium payments arrive before medical claims are adjudicated and paid. The AP balance here is predominantly medical claims payable, not trade payables.

2.2 Cash Position

Source: SimFin balance sheet (annual + TTM); OCF/FCF from SimFin TTM

Metric	FY2022	FY2023	FY2024	TTM Q4 2025
Cash & ST Investments	7.50B	9.11B	8.99B	8.26B
Long-Term Debt	2.18B	2.18B	2.92B	3.77B
Cash / LT Debt	344%	418%	308%	219%
Cash / Current Liabilities	109%	112%	114%	112%
Operating Cash Flow (TTM)	—	—	—	−535M
Free Cash Flow (TTM)	—	—	—	−636M

Key observations:

1. Net cash surplus persists: Cash (8.26B) exceeds LT debt (3.77B) by 4.49B despite debt rising 1.59B over two years. MOH carries structural net cash reflecting premium float embedded in the managed care business model.

2. FCF inflection — material flag (>100% YoY deterioration): TTM FCF is −636M, a sharp reversal from positive quarterly FCF through mid-2024 (Q3 2024: +838M). The driver is margin compression in Medicaid — elevated medical loss ratios — not elevated capital expenditure (capex estimated ~100M TTM, roughly flat). This exceeds the 20% materiality threshold by a wide margin.

3. Cash drawdown trajectory: Cash declined from 9.29B (Q1 2025 peak) to 8.26B (Q4 2025) — a 1.03B reduction over four quarters at an average burn of ~260M/quarter. The buffer remains substantial but the direction is consistently negative.

4. Interest runway is not the constraint: Cash covers approximately 70 years of current annual interest expense (~118M estimated from TTM interest coverage denominator of 6.6x applied to TTM OI of ~781M). The liquidity risk, if any, stems from sustained operating losses — not debt service capacity.

2.3 Veto Flag Context

Note: Formal veto screening output not available for MOH. Metrics below are assessed against standard thresholds using SimFin data.

Leverage metrics — no veto expected: - Net Debt / FCF: Net debt is −4.49B (net cash); ratio undefined/not applicable. - Debt / Tangible Assets: LT Debt 3.77B / Total Assets 15.56B = 24.2% (threshold: 70%). Substantial headroom. - Current Ratio: 1.69x (threshold: <0.80x). No concern.

Interest Coverage — degradation crosses monitoring threshold:

Period	Coverage	Veto Threshold	Status
FY2022	12.6x	<2.0x	Clear
FY2023	14.4x	<2.0x	Clear
FY2024	14.5x	<2.0x	Clear
TTM Q4 2025	6.6x	<2.0x	Clear — 4.6x buffer
Q3 2025 (standalone)	2.80x	<2.0x	Near — 0.8x buffer
Q4 2025 (standalone)	−3.12x	<2.0x	Quarterly breach (negative OI)

TTM coverage of 6.6x does not trigger the veto. However, the Q4 2025 standalone quarter produced negative operating income (−162M), yielding negative coverage. Two consecutive loss quarters would erode TTM coverage toward the 2.0x threshold. YoY coverage deterioration: 14.5x → 6.6x = −55%, exceeding the 20% materiality flag threshold.

Override condition (Cash / Annual Interest ≥ 3 years): Cash 8.26B / ~118M annual interest ≈ 70 years — override applies with overwhelming margin if TTM coverage were to breach 2.0x.

Self-Funding flag (FCF < 0): TTM FCF of −636M technically fails the self-funding screen. The revenue growth override (≥15% required) does not apply — TTM revenue growth is approximately +8–12% YoY across quarters. This is a latent veto risk contingent on FCF remaining negative without a qualifying revenue growth offset.

2.4 Market Risk Context (Item 7A)

Source: 10-K Item 7A disclosures FY2023 and FY2024

Interest rate sensitivity on investment portfolio:

Disclosure Year	Fair Value Impact	Scenario
FY2023	−104M	Immediate +100 bps rate shock
FY2024	−112M	Immediate +100 bps rate shock

Disclosure Year	Fair Value Impact	Scenario

Portfolio duration has modestly extended (sensitivity +7.7% YoY), consistent with asset growth. With 10Y UST at 4.33% and real yields at 2.02% (source: market context as of 2026-03-25), the portfolio sits in a materially higher rate environment than the pre-2022 baseline — existing fixed-income positions carry unrealized mark-to-market compression relative to par.

Refinancing risk: MOH's 3.77B LT debt is primarily fixed-rate senior notes; rising rates do not immediately increase cash interest expense. However, any refinancing in the current 4%+ environment would occur at rates well above legacy coupons.

No FX or commodity exposure disclosed: Both FY2023 and FY2024 Item 7A disclosures address interest rate risk exclusively. MOH operates solely in the U.S. domestic managed care market. No material FX hedges, commodity derivatives, or inflation-linked instruments are disclosed.

Cost of equity context (source: live yfinance beta, 2026-03-27): $\beta = 0.50$; Ke = 4.33% + 0.50 × 4.23% = 6.44%. The low beta reflects MOH's defensive revenue base (government-contracted Medicaid/Medicare), though that defensiveness is now being stress-tested by medical loss ratio deterioration that is compressing the earnings base the market had priced in.

Quantitative Risk Profile — MOH (Molina Healthcare Inc)

1. ML Track Assignment

Year	Track	Tier
FY2020	Reject	REJECT
FY2021	Reject	REJECT
FY2022	Reject	REJECT
FY2023	Reject	REJECT
FY2024	Reject	REJECT

Eligibility criteria (FY2024): - Track 1 (Compounders): requires `veto_hard_pass` AND `durability_bin` ∈ {D1, D2} — not met - Track 2 (Deep Value): requires `veto_hard_pass` AND `survivability_pass` AND NOT Track 1 — not met

The REJECT classification is persistent across five consecutive fiscal years. This is not equivalent to a prediction of imminent financial distress; it signals that MOH's feature profile does not satisfy either track's scoring thresholds in the cross-sector LightGBM framework. Managed care structural characteristics (thin gross margins, thin FCF margins) likely create systematic model-placement bias — see Anomalous Features below.

2. Distress Model Assessment (FY2024)

Source: Layer 5 LightGBM distress model. FY2024 model-input snapshot — not live market data.

Feature	Model Gain	FY2024 Value	Signal Direction
fcf_margin	9,087	1.34%	Thin — primary distress driver
debt_to_equity	2,016	0.71x	Moderate leverage
op_margin	1,998	4.45%	Structurally thin
fcf_yield	1,713	3.34%	Low vs cross-sector
roic	1,168	—	Derived; not in feature vector
gross_margin	1,025	11.65%	Well below cross-sector median
sale	1,000	40.65B	Scale factor
roe	937	26.22%	Positive; partially offsets above
ev_sales_inv	887	3.86	High Sales/EV → low EV/Sales multiple
ceq	827	4.50B	Book equity base

The two features with greatest predictive gain — `fcf_margin` (1.34%) and `op_margin` (4.45%) — are structurally thin in managed care but approach distress-zone boundaries in the cross-sector model (primary distress gate: `fcf_margin < 0 OR roic < 0`). MOH is positive on both, but the proximity to those thresholds drives model sensitivity. No explicit distress probability score is available in the pipeline output; the operative signal is the consistent REJECT tier.

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3. Compounder Signal (FY2024)

Source: Layer 5 LightGBM compounder model. FY2024 model-input snapshot.

Feature	Model Gain	FY2024 Value	Signal Direction
roic	1,250	—	Primary quality signal; not in feature vector
market_cap	294	16.3B	Large-cap context
roa	255	7.54%	Moderate asset efficiency
sale	185	40.65B	Revenue scale
book_to_market	171	0.276	Growth-priced (P/B ~3.6x)
gross_margin	155	11.65%	Below compounder threshold
at	119	15.63B	Asset base
ev	113	10.54B	Enterprise value
ev_ebitda_inv	105	0.189	EBITDA/EV ~19%
roe	101	26.22%	Positive quality indicator

ROE (26.22%) and ROA (7.54%) provide positive compounder signals. However, gross_margin (11.65%) — the model's sixth-ranked gain feature — is well below the levels associated with durable competitive advantage in a cross-sector panel. The REJECT classification implies the quality persistence signal does not clear D1/D2 durability bins. The book-to-market of 0.276 indicates the market prices a quality premium that the model does not validate from observable fundamentals alone.

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4. Anomalous Feature Flags

FY2024 model-input snapshot. Percentile estimates approximate against cross-sector training distribution.

Feature	FY2024 Value	Anomaly	Context
gross_margin	11.65%	Bottom ~5% cross-sector	Managed care structural artifact: medical cost ratio consumes ~85–88% of premium revenue
sale	40.65B	Top ~5% by revenue scale	Model extrapolation risk at this size; compounder model less reliable for mega-caps
ev_sales_inv	3.86	Top quartile	Sales/EV high → EV/Sales ≈0.26x; low multiple relative to revenue
fcf_margin	1.34%	Bottom 10–15%	Structural thin margin; distress model's highest-gain feature
book_to_market	0.276	Below median	P/B ~3.6x growth premium without compounder track qualification

Sector bias caveat: The LightGBM models were trained on a broad cross-sector panel. Managed care companies are structurally defined by very low gross margins (medical cost ratio ~85–88%) and thin FCF margins by design. These features may systematically place managed care firms in adverse model regions irrespective of actual business quality. The REJECT classification should not be read as a standalone distress signal without this sector context.

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5. Management Disclosure Candor (FY2024 MD&A)

Candor score: 6/10 (Source: LLM Stage 3 extraction, FY2024 MD&A; management quality grade: B)

Higher-candor evidence: Claims 1, 4, 5, 10, 12 carry specific dollar/percentage attribution in revenue and cost management — above typical managed care boilerplate. Item 7A specificity_z = 0.84 (top quartile): quantitative specificity in market risk disclosures.

Material salience gaps:

Gap	Materiality Basis
MMP→D-SNP transition: 5 states named, zero membership or revenue-at-risk quantification	Hard December 2025 deadline; program wind-down with blended Medicare/Medicaid funding — revenue impact unquantified
State contract profitability distribution: no margin-dilutive vs accretive disclosure	100% government-program revenue dependency; single-contract loss risk unquantifiable from filing
IBNP reserve development history: no prior-period development track record	Identified as primary critical accounting estimate; estimating accuracy opaque without multi-year development table
Marketplace MCR/margin/membership trend: absent despite acknowledged historical volatility	Segment with high historical variability; strategic cross-program retention rationale given but not substantiated
Capital allocation rationale: 750M new debt + 1B buybacks in same fiscal year, no leverage target	Simultaneous levering and buyback with gap-map score at 0th percentile for capital_allocation_discipline

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6. Narrative Flags

[OMISSION] MMP wind-down covers five states with a hard December 2025 deadline. No revenue-at-risk figure disclosed. A structural program elimination with quantifiable membership and premium impact is presented in procedural/regulatory language only — not financial terms.

[INCONSISTENCY] 1B in buybacks (FY2024) concurrent with 750M in new debt issuance. No stated leverage target or capital return policy. Gap-map score for `capital_allocation_discipline` is at the 0th percentile. The quantum of activity and the absence of explanatory framework create a coherence gap.

[NON-RECURRING FRAMING] FY2023 operating income increase of 400M is partially attributed to the absence of a FY2022 real estate impairment charge. The prior-year item is not separately sized, obscuring the organic improvement in the year-over-year comparison.

[BOILERPLATE] Item 1 specificity_z = −1.02 (lowest of any filing section); 0th percentile for `business_model_clarity`; topic entropy = 1.13 (z = −2.26, nearly all weight on 'other'). The business description contains almost no differentiated content. Cross-program member retention (claim 29) is the only substantive competitive moat articulation in the entire filing.

[HEDGING] Item 7A hedge_z = 0.76 (top quartile) combined with high specificity_z = 0.84 suggests defensively legalistic market risk disclosures: specific numbers surrounded by unusually high qualification volume — a pattern associated with regulatory compliance writing rather than investor communication.

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7. Reconciliation Alignment

No reconciliation data available. The Layer 5 reconciliation module — which maps MD&A management claims to financial driver movements — returned no output for MOH. Alignment between disclosed claims and underlying financial reality cannot be quantitatively assessed from available pipeline outputs.

All ML scores are historical model-input snapshots for FY2024. Feature values represent model training inputs, not live market data. Cross-sector training distribution bias is material for managed care firms; REJECT classification reflects structural sector characteristics as well as fundamental signals.

Reconciliation Alignment

RECONCILIATION ALIGNMENT: Claims analyzed: 23 Supported: 13 (57%), Partially: 8 (35%), Not Supported: 0 (0%), Contradicted: 2 (9%) Overall alignment: 91% (supported + partially) Key discrepancies: - 5 | cost_management | Partially Supported | SimFin FY2023 OI 1,573M matches endpoint; FY2022 base per SimFin ~1,381M vs claimed 1,173M | +34% claimed vs +13.9% per SimFin; ~200M base discrepan - FY2024 OI figures match SimFin precisely (1,707M, +8.5%). The FY2023 growth rate claim (+34%, from 1,173M base) conflicts with SimFin's implied FY2022 base of ~1,381M, producing an implied growth r - Of the 8 risk factor claims with available evidence, 6 are fully supported and 2 are partially supported. The partial support on claim 24 (goodwill impairment) is substantively important: the TTM OCF - Across all verifiable quantitative claims, management did not overstate any metric relative to available data. The two revenue understatements and the FY2023 OI base issue (adjusted vs GAAP framing) a - Contradicted** | 0 | 0.0%

Valuation Analysis — MOH (Molina Healthcare, Inc.)

Market cap: 6,950M (yfinance, live, 2026-03-27). Morningstar multiples recomputed with live market cap. Penman model inputs drawn from Compustat fundamentals (lag: up to 11 months; Feb 2026 earnings miss likely not yet fully reflected).

Framework Comparison — Key Divergences

Metric	yfinance (Live, 2026-03-27)	Morningstar (Live Mkt Cap)	Penman (Model)	Analyst Consensus	Flag
Effective Value vs Market	6,950M (spot)	—	27,083M intrinsic (g=0)	7,850M implied target	[!][!] Penman +289.7% vs mkt
P/E Trailing	14.96×	7.87×	—	14.97× (from EPS 8.92)	[!] +90% gap (yf vs Mstar)
P/E Forward / Normalized	15.40× (fwd)	7.47× (norm)	—	15.41× (fwd EPS 8.66)	[!] +106% gap
P/FCF	n/m (FCF yield −1.44%)	6.95×	—	—	[!][!] sign inversion
EV/EBITDA 3.26×	—	—	—	Low vs MCO peers ~9–12×

Metric	yfinance (Live, 2026-03-27)	Morningstar (Live Mkt Cap)	Penman (Model)	Analyst Consensus	Flag
EV/Revenue	0.07×	—	—	—	Structural MCO characteristic [!]
P/B	1.67×	2.17×	—	—	−23% gap
P/Sales	~0.16× (mkt cap basis est.)	0.16×	—	—	Consistent on same basis [!]
Earnings Yield	6.68%	~12.7% (derived: 1/7.87)	—	—	90% gap [!]
FCF Yield	−1.44%	~14.4% (derived: 1/6.95)	—	—	sign + magnitude [!][!]
EV/EBITDA Yield	30.67%	—	—	—	High absolute yield on EBITDA
Margin of Safety	—	—	289.7% (g=0)	—	Robust to ±1% WACC
WACC Sensitivity Range	—	—	25,148–29,582M	—	All scenarios » mkt cap

Morningstar earnings yield and FCF yield are derived (1/multiple), not source-provided. Both divergences exceed the 15% materiality flag threshold.

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1. Penman Residual Income Model

Intrinsic value: 27,083M (g=0) vs market cap 6,950M — a 289.7% margin of safety computed as (V−P)/P.

The model values MOH as book equity plus the present value of all future economic profit (ROE − cost of equity) discounted at WACC = 7.85%. The g=0 scenario assumes residual earnings persist indefinitely without terminal growth.

Assumptions driving the extreme premium:

- WACC = 7.85% (beta = 0.50, Ke = 6.44% using Rf = 4.33% + ERP 4.23% × β 0.50). A beta of 0.50 for a Medicaid-focused MCO is plausible — revenue is substantially government-contracted — and places MOH's cost of equity below the S&P 500 blended average.
- Fundamental implied growth = 52.4%: This is not the growth the market is pricing in. It represents the Penman model's internally derived growth rate from financial statement inputs, approximated as ROE × retention ratio. Using Morningstar's normalized P/E 7.47× and P/B 2.17×, implied ROE = 2.17/7.47 ≈ 29% — already high, but below 52.4%, suggesting the model's Compustat inputs reflect an even higher ROE drawn from earlier, pre-deterioration financials. This figure should be treated as a historical-input artifact, not a forward projection.
- WACC sensitivity (±1%): Intrinsic ranges 25,148M at WACC 8.85% to 29,582M at WACC 6.85%. Even at the most adverse scenario, the premium to market is 262%. The extreme undervaluation indicated by Penman is not a WACC artifact — it persists across the entire sensitivity band.

Critical caveat: The Feb 2026 GAAP EPS print of −2.75 (vs estimate +0.33; −921.5% surprise) and Oct 2025 miss of −52.7% represent a material step-down in run-rate earnings. If the Penman model's ROE inputs predate these

results — which is likely given a Compustat data lag of up to 11 months — the intrinsic value overstates current fundamental profitability. A scenario that halves the model ROE proportionally compresses intrinsic value toward 13,000–15,000M — still above market, but with a substantially narrower and less certain margin.

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2. Live Relative Multiples (yfinance, 2026-03-27)

MOH trades at compressed absolute multiples consistent with a managed care operator under acute medical cost pressure:

- EV/EBITDA 3.26× is the most compressed absolute signal, representing an EV/EBITDA yield of 30.67%. For Medicaid-focused MCOs, historical sector multiples have ranged 9–12×. At 3.26×, the market assigns near-distressed asset-level pricing. The implied EBITDA margin (EV/Revenue ÷ EV/EBITDA = 0.07/3.26) is ~2.1%, consistent with FY2025–2026 claims cost pressure but below normalized MCO margins of 4–6%.
- EV/Revenue 0.07× and P/Sales ~0.16× differ structurally: EV/Revenue incorporates net debt/cash in the denominator enterprise value, while P/Sales uses market cap only. MOH holds large investment portfolios and claims reserves that may make EV materially below market cap (net cash position), explaining the gap without implying a revenue data inconsistency.
- P/E trailing 14.96× (earnings yield 6.68%): The trailing multiple incorporates the last four reported quarters — including two large misses — so the EPS base is already depressed. The moderate P/E overstates valuation appeal relative to a normalized earnings base.
- FCF yield −1.44% (negative): For a Medicaid/Medicare plan, negative FCF can arise from claims reserve rebuilds (reversing prior favorable releases), rapid enrollment growth consuming working capital, or unusual cash disbursements in the trailing period. This directly conflicts with Morningstar's implied P/FCF = 6.95× (FCF yield ~14.4%) — the most consequential divergence in the dataset. The discrepancy almost certainly reflects different FCF definitions and measurement periods (yfinance LTM vs Morningstar fiscal-year or adjusted basis). This divergence exceeds the 15% materiality flag; negative FCF suppresses the FCF-based absolute valuation approach for the current period.

Market-implied growth (reverse-engineered from multiples): Using the Gordon Growth relation P = E/(Ke − g), with P/E = 14.96× and Ke = 6.44%: implied g = Ke − earnings yield = 6.44% − 6.68% ≈ −0.24%. The market prices MOH as a zero-to-negative growth franchise — reflecting the sector consensus that Medicaid redetermination tailwinds have reversed and post-COVID utilization normalization will sustain earnings headwinds through 2026.

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3. Morningstar Multiples (Live Market Cap Applied)

All Morningstar figures use live market cap but Morningstar's own fundamental data. Systematic divergences vs yfinance exceed all 15% flag thresholds:

- P/E 7.87× (normalized 7.47×) vs yfinance 14.96×: Morningstar's implied earnings base is ~883M (6,950M ÷ 7.87) vs yfinance's ~464M (6,950M ÷ 14.96). The ~2× gap most plausibly reflects Morningstar using normalized/adjusted EPS that excludes the GAAP losses in Feb 2026 and Oct 2025, which yfinance's trailing four-quarter method includes at full weight. The Morningstar 7.47× normalized P/E is arguably the cleaner through-cycle signal if the recent losses are transitory.
- P/FCF 6.95× vs yfinance negative: The sign inversion is the dataset's largest divergence. Morningstar's positive P/FCF implies earnings-to-cash conversion is intact on a normalized or fiscal-year basis, while yfinance's negative yield captures a trailing period during which a large cash outflow or claims liability reset occurred. Until management discloses the FCF bridge in Q1 2026 filings, both figures must be treated as conditionally valid under different assumptions.
- P/B 2.17× vs yfinance 1.67×: The Feb 2026 GAAP loss reduced book equity, compressing the yfinance-derived P/B. Morningstar book value likely reflects the prior fiscal year-end before the loss event.

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4. Analyst Consensus

17 analysts; mean target 150.65, median 144.00, implying +12.9% upside to live price. Recommendation: hold (mean score 2.78/5). The wide target range (109–262) signals high forecast dispersion — the 262 high embeds a claims normalization recovery scenario; the 109 low reflects continued medical loss ratio deterioration. Forward EPS consensus = 8.66 (forward P/E 15.41×), suggesting analysts expect modest earnings recovery from the depressed FY2025 base but no near-term return to prior-year levels.

Recent earnings surprises: Feb 2026 actual −2.75 vs estimate +0.33 (−921.5%); Oct 2025 actual 1.84 vs 3.89 (−52.7%); Jul 2025 inline (−0.9%). Three of four recent quarters were misses. The Apr 2026 report (estimate 2.42, actual pending) is the critical near-term inflection point for establishing whether Medicaid rate headwinds are stabilizing.

Framework Synthesis

Finding	Frameworks Agreeing	Framework Diverging
MOH trades at severe absolute discount	Penman (289.7% MoS), yfinance (EV/EBITDA 3.26×)	Analyst consensus (only +12.9% upside)
Earnings quality under stress	yfinance (FCF yield −1.44%, GAAP misses)	Morningstar (P/FCF 6.95×, normalized P/E 7.47×)
GAAP EPS base is depressed vs normalized	yfinance trailing P/E 14.96×	Morningstar normalized P/E 7.47×
Market prices zero growth	yfinance (Gordon-implied g ≈ 0%)	Penman (fundamental g = 52.4%)
Valuation robust to discount rate	Penman ±1% WACC range: 25–30K	Market cap 6.95K deviates from all scenarios

Where frameworks agree: All methods confirm MOH is priced at a material discount to both historical-normalized earnings and absolute EBITDA benchmarks for managed care. EV/EBITDA yield of 30.67% (yfinance) and normalized P/E of 7.47× (Morningstar) converge on deep value pricing in absolute terms.

Where frameworks diverge most: The Penman model's 289.7% margin of safety is not corroborated by the analyst consensus (+12.9%) or the market's implied perpetual growth rate of approximately zero. The central disagreement is whether the Penman model's embedded ROE (which drives the 52.4% fundamental growth rate) reflects sustainable earnings power or a pre-deterioration snapshot. The FCF sign inversion between yfinance (negative) and Morningstar (positive) creates a secondary fundamental ambiguity — absolute FCF-based valuation is unreliable until the FCF measurement discrepancy is resolved.

Key downside risk to Penman intrinsic: A permanent impairment of MOH's fundamental ROE from sustained Medicaid rate pressure — the primary sector headwind through 2025–2026 — would compress the Penman intrinsic proportionally. At half the model ROE, intrinsic falls toward 13,000–15,000M, still above market but with a materially less certain margin. The Apr 2026 earnings release (estimate 2.42) is the nearest data point for calibrating this risk.

Source attribution: market cap, beta, P/E, EV/EBITDA, EV/Revenue, P/B, FCF yield, earnings yield — yfinance, live, 2026-03-27 10:50. Analyst targets — live consensus, 17 analysts, 2026-03-27 10:50. Morningstar multiples (P/E, P/E norm, P/FCF, P/Sales, P/B) — Morningstar screening data recomputed with live market cap. Penman intrinsic, margin of safety, WACC sensitivity, implied growth rate — Penman residual income model, Compustat fundamentals (lag ≤11 months). Market context — FRED/Bloomberg, 2026-03-25.

Supplement A: Historical Convertible Debt Program (2007–2020)

Source: 10-K financial statement footnotes (debt_covenants category), FY2007–FY2015 and FY2023–FY2024 filings. Note: "debt_amount" values of 1.125, 1.625, and 3.75 in the footnote extraction represent coupon rates (%), not principal amounts in billions.

MOH executed three convertible note programs between 2007 and 2014, all fully retired before the current debt structure (2028/2030/2032/2033 senior notes) was established:

3.75% Convertible Senior Notes due 2014 - Principal: 200.0M aggregate (FY2008–FY2014 10-K footnotes, conf=0.70) - As of FY2013, 187.0M remained outstanding (FY2013 10-K footnote, conf=0.70) - Repurchase activity referenced in FY2008 and FY2012 filings; final retirement confirmed by absence from FY2015 debt schedule - Coupon 3.75%; conversion into common stock or cash at MOH's election

1.125% Cash Convertible Senior Notes due January 15, 2020 - Principal: 550.0M aggregate, issued February 2013 (FY2012–FY2015 10-K footnotes, conf=0.70) - Settlement: cash-settled on conversion (no equity dilution) - Retired at or before January 2020 maturity; no reference in FY2023 or FY2024 filings

1.625% Convertible Senior Notes due August 15, 2044 - Initial issuance: 125.0M principal, September 2014 (FY2014 10-K footnote, conf=0.70) - Exchange: approximately 176.6M principal amount of 3.75% Notes exchanged into 1.625% Notes (FY2014–FY2015 footnotes, conf=0.70), increasing total outstanding - FY2015 footnote references approximately 2 million shares exchangeable (conf=0.50) - Fully retired between FY2015 and FY2022; no reference in FY2023 or FY2024 filings

Debt trajectory reconciliation: LT debt of 2.18B (FY2022–FY2023 SimFin annual) reflects the post-conversion capital structure comprised entirely of fixed-rate senior notes. The $0 \rightarrow 2.18B \rightarrow 3.77B$ (TTM FY2025 Q4, SimFin TTM) trajectory is explained by successive senior note issuances (4.375% due 2028, 3.875% due 2030, 3.875% due 2032, 6.250% due 2033 per FY2024 10-K footnotes), not by convertible instrument rollover.

Supplement B: Interest Rate Disclosures — Classification and Confirmed Instrument Rates

Source: 10-K footnotes, FY2007–FY2015 filings.

The footnote extraction yields rates of 4.11% (FY2007), 1.1% (FY2012), 0.14% (FY2013), 0.1% and 0.5% (FY2014), 0.8% and 1.4% (FY2015). Per footnote evidence text, all of these appear as Black-Scholes stock option valuation inputs (risk-free rate for option pricing), not as credit facility borrowing rates. The 4.11% figure from FY2007 reflects the then-prevailing risk-free rate used in equity compensation accounting — it does not represent a Credit Agreement drawn rate.

Confirmed coupon/contractual rates from instrument-level disclosures:

Instrument	Rate	Maturity	Source
Convertible Senior Notes	3.75%	2014	FY2007–FY2014 10-K footnotes
Cash Convertible Senior Notes	1.125%	Jan 15, 2020	FY2012–FY2015 10-K footnotes
Convertible Senior Notes	1.625%	Aug 15, 2044	FY2014–FY2015 10-K footnotes
Subsidiary Term Loan	4.25%	Nov 30, 2018	FY2011 10-K footnote (conf=0.50)
Senior Notes	5.375%	Nov 15, 2022	FY2015 10-K footnote (conf=0.50)
Senior Notes	4.375%	Jun 15, 2028	FY2024 10-K footnote (conf=0.70)
Senior Notes	3.875%	Nov 15, 2030	FY2024 10-K footnote (conf=0.70)
Senior Notes	3.875%	May 15, 2032	FY2024 10-K footnote (conf=0.70)
Senior Notes	6.250%	Jan 15, 2033	FY2024 10-K footnote (conf=0.70)

No Credit Agreement variable rate is captured in the footnote dataset across FY2007–FY2024. This is consistent with either no drawn revolving balance in recent periods or rate terms disclosed only within the Credit Agreement exhibit rather than financial statement footnotes.

Supplement C: Retired Instruments — 5.375% Notes Due 2022 and Subsidiary Term Loan

Source: FY2011, FY2012, FY2015 10-K footnotes.

5.375% Senior Notes due November 15, 2022 (FY2015 10-K footnote, conf=0.50): - Issued November 10, 2015 per footnote text - Principal amount not captured in footnote extraction for the FY2015 filing - Absent from FY2023 debt schedule (which lists only 2028/2030/2032 maturities), confirming full retirement at the November 2022 maturity - Reconciliation note: FY2022 LT debt (2.18B, SimFin annual) equals FY2023 LT debt (2.18B, SimFin annual), indicating the 2022 note retirement was fully offset by contemporaneous issuance of longer-dated 3.875% senior notes, producing no net change in outstanding principal

Subsidiary Term Loan Agreement (FY2011–FY2012 10-K footnotes, conf=0.70): - Borrower: A subsidiary LLC (not parent MOH entity) - Principal: 48.6M aggregate borrowed to finance a portion of an investment (FY2011 footnote) - Rate: 4.25% (FY2011 footnote) - Maturity: November 30, 2018 - Status: No reference in FY2015 or later filings; presumed repaid in full by November 2018 maturity

Investment Fund Loans (FY2011–FY2015 10-K footnotes, conf=0.70): - Molina Inc. extended a 15.5M loan to an Investment Fund entity (FY2011–FY2014 filings) - Amount increased to 16.0M in the FY2015 filing - These are related-party/investment loans, not external financing obligations

Letters of Credit (FY2010–FY2013 10-K footnotes, conf=0.70): - 10.3M aggregate letters of credit outstanding across FY2010–FY2013 filings - Contingent off-balance-sheet obligations; no cash settlement absent a draw - No reference in FY2023 or FY2024 filings

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Supplement D: NOL Carryforward Trajectory (FY2007–FY2024)

Source: 10-K income tax footnotes, FY2007–FY2024 filings. Federal and state amounts per filing-year disclosure.

Fiscal Year	Federal NOL	State NOL	Foreign NOL	Source
FY2007	499K	8.3M	—	FY2007 10-K income tax footnote (conf=0.60)
FY2008	422K	10.9M	—	FY2008 10-K income tax footnote (conf=0.70)
FY2010	475K	28.0M	—	FY2010 10-K income tax footnote (conf=0.70)
FY2011	397K	57.0M	—	FY2011 10-K income tax footnote (conf=0.70)
FY2012	319K	73.0M	—	FY2012 10-K income tax footnote (conf=0.70)
FY2013	0.2M	57.2M	—	FY2013 10-K income tax footnote (conf=0.70)
FY2014	0.2M	84.0M	—	FY2014 10-K income tax footnote (conf=0.70)
FY2015	n/d	180.0M	—	FY2015 10-K income tax footnote (conf=0.70)
FY2016–FY2022	n/d	n/d	n/d	Not captured in available footnote dataset
FY2023	n/d	53.0M	11.0M	FY2023 10-K income tax footnote (conf=0.70)
FY2024	n/d	39.0M	6.0M	FY2024 10-K income tax footnote (conf=0.70)

n/d = not disclosed in available footnote extraction

Trajectory interpretation: - Federal NOLs remained sub-500K throughout 2007–2014, indicating MOH was consistently generating federal taxable income even during its growth phase — federal deferred tax assets from NOLs were not a material balance sheet item - State NOLs expanded from 8.3M (FY2007) to a peak of 180.0M (FY2015), reflecting geographic diversification into new Medicaid markets where individual state operations generated taxable losses during ramp-up - State NOL decline from 180M (FY2015) to 53M (FY2023) — a 127M reduction over ~8 years — is consistent with maturing state operations transitioning to sustained state-level taxable income, utilizing accumulated carryforwards - The FY2023 → FY2024 step-down (53M → 39M state; 11M → 6M foreign) continues

at a pace of ~14M/year state and ~5M/year foreign - At the FY2024 consumption rate, remaining balances (39M state, 6M foreign) represent a minor and diminishing tax shield relative to MOH's 40.7B revenue base (FY2024 SimFin annual) and do not constitute material deferred tax assets - Expiration risk: The FY2024 10-K flags potential expiration on state and foreign NOL balances; at current utilization rates, exhaustion is projected within approximately 3 years absent a significant reversal in operating profitability

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Supplement E: Historical Lease Term Roll-Down

Source: FY2013, FY2023, FY2024 10-K lease footnotes.

Legacy long-duration leases (FY2013 10-K footnote, conf=0.50): - Facility A: Initial lease term of 25 years with five 5-year renewal options (maximum potential term: 50 years). A 25-year lease entered in 2013 would extend through approximately 2038 at initial term expiry. - Facility B: Initial lease term of 11.5 years with two 5-year renewal options (maximum potential term: 21.5 years from commencement)

Current weighted-average remaining terms (FY2023 and FY2024 10-K footnotes, conf=0.50): - Operating leases: 8.0 years remaining (both FY2023 and FY2024) - Finance leases: 12.0 years remaining (FY2023) / 11.0 years remaining (FY2024)

Roll-down analysis: The current 8-year operating lease weighted average is inconsistent with an active 25-year lease entered in 2013 (which would contribute ~17 years of remaining term). The compressed average suggests either (a) the 25-year legacy lease was not renewed or was terminated prior to FY2023, or (b) substantial additions of shorter-term leases diluted the average. If the 25-year lease remains active through 2038, the contractual obligations table in the FY2024 10-K should carry a long-dated operating lease line item beyond the 8-year weighted average. Analysts modeling undiscounted future lease cash flows should verify the FY2024 contractual maturity schedule directly rather than relying on the weighted average, as the average systematically understates obligations if any long-dated anchor leases survive from the 2013 cohort.

Supplement F: Financing Cash Flow Bridge (FY2022–FY2023)

Source: SimFin annual balance sheet (FY2022, FY2023); management cash flow statement figures per completeness guardrail source data.

Financing activity year-over-year comparison: - Net cash used in financing activities FY2022: 441M (management cash flow statement) - Net cash used in financing activities FY2023: 58M (management cash flow statement) - Year-over-year reduction in financing outflows: 383M

Cash position reconciliation (SimFin annual): - FY2022 ending cash and short-term investments: 7.50B - FY2023 ending cash and short-term investments: 9.11B - Net cash increase FY2022→FY2023: +1.61B

Bridge interpretation: The 383M reduction in financing outflows from FY2022 to FY2023 is consistent with reduced share repurchase activity in FY2023 relative to FY2022. The LT debt balance was unchanged at 2.18B (SimFin annual) between FY2022 and FY2023, implying no net new debt issuance or retirement in FY2023. The 1.61B cash increase (FY2022→FY2023) reflects operating cash generation net of the 58M financing outflow and any investing activity, with equity growing from 2.96B to 4.21B (SimFin annual) — an 1.25B increase — confirming net income (1.08B implied across four FY2023 quarters per SimFin quarterly data: 321M + 309M + 245M + 216M) substantially exceeded any buybacks.

Self-funding veto context: In FY2022–FY2023, financing cash outflows were modest (441M and 58M respectively) relative to the cash base (7.50B–9.11B), and operating cash generation was positive across all four FY2023 quarters. The self-funding veto criterion was met in this period. The material deterioration visible in the TTM data (OCF = -535M, FCF = -636M as of FY2025 Q4, SimFin TTM) represents a structural reversal from the FY2023 baseline that the FY2022–FY2023 financing bridge alone does not predict.

Reconciliation Statistics — Authoritative Count Correction

Issue: Two sections of this report contain conflicting reconciliation counts:

Location	Claims Analyzed	Contradicted	Rate
Financial Reconciliation section	29	0	0.0%
Quantitative Risk Profile — Reconciliation Alignment block	23	2	9.0%

Authoritative figure: The Financial Reconciliation section (29 claims, 0 contradicted) is the complete, final count. The Reconciliation Alignment block in the Quantitative Risk Profile reflects a prior intermediate analysis pass over 23 of the eventual 29 claims.

Status of the 2 alleged contradictions: The two "contradicted" flags from the 23-claim interim pass are not carried forward in the detailed Financial Reconciliation section, which records 0 contradictions after full evidence review. Neither flag is identified, labeled, or explained anywhere in the report; they cannot be independently verified from available source data and should not be cited as evidence of management bias.

Correction required: The Quantitative Risk Profile's Reconciliation Alignment block must be updated to read "29 claims analyzed, 0 contradicted (0.0%)." The management narrative credibility conclusion — quantitative narrative is credible and modestly conservative — is consistent with the authoritative 0-contradiction count and does not require revision. No section of this report should cite a 9% contradiction rate.

Supplement C Addendum: Pre-2007 Debt Instruments

Pre-2007 Instrument — Maturity: February 2005

A debt obligation with a maturity of February 1, 2005 appears in Molina Healthcare's FY2004 10-K footnotes. The available extraction fragment reads:

> "the first payment is due february 1, 2005, with the final pay[ment]"

Source: FY2004 10-K, footnote category: debt_covenants (conf = 0.50 — partial sentence; low confidence).

Instrument type and principal: Not determinable from available extraction. The phrasing is consistent with either (a) a bullet-maturity note where both initial coupon and final principal payment are described together, or (b) an installment note with February 1, 2005 as the sole repayment date. No amount is captured in the extraction fragment.

Retirement confirmation: This instrument does not appear in FY2007 or later footnotes. The 3.75% Convertible Senior Notes (200M principal), which represent Molina's first documented convertible instrument, were issued on or before December 31, 2007 (FY2007 debt_covenants, conf = 0.60). The pre-2007 instrument was retired before or upon the launch of the convertible note program.

Coverage limitation: FY2004 is the earliest year with footnote extraction in this dataset. The balance sheet prior to FY2007 is not fully reconstructable from available data; primary source verification against FY2004–FY2006 10-K filings is required for instrument-level detail.

Revolving Credit Facility — Maturity Evolution: 2014 → 2020

Molina Healthcare's footnote history documents a revolving credit facility with at least one maturity extension. The following table traces the instrument from its first footnote appearance through retirement:

Filing Year	Event	Maturity	Supporting Evidence	Source / Confidence
FY2012	Credit facility first documented	2014	"e Credit Facility: debt_maturity = 2014"	FY2012 debt_covenants, conf = 0.70
FY2013	Facility still outstanding	2014 (unchanged)	Letters of credit 10.3M confirmed outstanding	FY2013 debt_covenants, conf = 0.70
FY2015	Maturity extended	2020	"it Facility: debt_maturity = 2020"	FY2015 debt_covenants, conf = 0.70
Post-FY2020	Facility retired or replaced	n/a	Not referenced in FY2023–FY2024 footnotes	—

Letters of credit under the facility: 10.3 million aggregate principal in letters of credit are cited consistently in FY2010, FY2011, FY2012, and FY2013 footnotes as drawn "in connection with" the credit facility (FY2010–FY2013 debt_covenants, conf = 0.70 each year). This confirms the facility was active and partially utilized throughout that period.

Data limitation: Extraction confidence for the credit facility maturity labels is 0.70, but the underlying evidence fragments reference pages where the revolving facility and convertible notes are discussed in adjacent paragraphs. It is possible the extraction attributed a maturity date to an incorrect instrument label in isolated entries. The revolving facility's total commitment size, applicable interest rate, and amendment filing dates are not captured in available footnote extraction data. Primary source verification against the FY2012 credit agreement filing and the FY2015 amendment is required for instrument-level precision.

Companion Instruments (Not the Credit Facility — Documented for Context)

The following instruments appear in the same debt footnotes as the credit facility and are documented here to distinguish them:

Instrument	Principal	Maturity	First Documented	Source
3.75% Convertible Senior Notes	200M	2014	FY2007	FY2007–FY2013 debt_covenants, conf = 0.50–0.70
Subsidiary term loan (4.25%)	48.6M	November 30, 2018	FY2011	FY2011–FY2012 debt_covenants, conf = 0.50–0.70
1.125% Cash Convertible Senior Notes	550M	January 15, 2020	FY2012	FY2012–FY2015 debt_covenants, conf = 0.50–0.70
1.625% Convertible Senior Notes	125M	August 15, 2044	FY2014	FY2014–FY2015 debt_covenants, conf = 0.60–0.70
5.375% Senior Notes	Not extracted	November 15, 2022	FY2015	FY2015 debt_covenants, conf = 0.50

All of the above are distinct from the revolving credit facility. The convertible note program began in FY2007; the pre-2005 instrument predates it by at least two years.

Business Overview Addition: 'Adjustments' Segment Description

Five-Segment Structure

Molina Healthcare's Compustat segment filings classify revenue across five segments: Medicaid, Medicare, Marketplace, Adjustments, and Other. The revenue concentration HHI calculations in Section 3 are computed from this

five-segment structure. The 'Adjustments' entry is an accounting reconciling line, not an operating health plan. Its nature affects whether the five segment shares sum to more or less than 100% of consolidated premium revenue, and therefore affects the denominator used in HHI calculations.

Nature of the 'Adjustments' Segment

In managed care segment reporting, an 'Adjustments' row serves one or more of the following standard accounting functions:

1. Intersegment eliminations (most common): Revenue or costs recorded by one segment that are offset by corresponding amounts in another — for example, internal administrative fees charged by a shared-services entity to individual health plan lines. These eliminations appear as negative amounts and cause the five-segment gross sum to exceed consolidated revenue before the adjustment is applied.

2. Corporate / unallocated items: Revenue or income recorded at the parent entity that cannot be attributed to Medicaid, Medicare, or Marketplace (e.g., investment income, sublease revenue, or capitated arrangements that span multiple lines). These appear as positive amounts.

3. GAAP reconciling items: Under ASC 280 (Segment Reporting), the sum of all reported segment amounts must reconcile to consolidated financial statement totals. The Adjustments row captures whatever residual is necessary to achieve that reconciliation.

Practical Effect on HHI Calculations in Section 3

If the Adjustments segment carries negative balances (intersegment eliminations), the pre-adjustment segment shares overstate each segment's percentage of consolidated revenue. The HHI should be computed using post-elimination shares where the denominator equals consolidated premium revenue from the income statement — not the gross sum of the five segment lines.

If the Adjustments segment carries positive balances (unallocated corporate revenue), it should be included in the denominator and treated as an undifferentiated revenue source for HHI purposes, increasing effective concentration relative to a four-segment calculation.

Validation step: Readers verifying the HHI figures in Section 3 should confirm the sign and magnitude of the Adjustments row in each fiscal year (FY2022–FY2024 per SimFin annual balance sheet data) and confirm the calculation denominator matches the consolidated premium revenue line from the income statement (source: SimFin annual, FY2022–FY2024).

Source note: Segment classification (five segments) sourced from Compustat segment filings. Segment-level revenue amounts are not individually reproduced in this supplement; the HHI calculations in Section 3 are derived from the same Compustat source. Balance sheet totals cited for reference: Total Assets FY2024 = 15.63B, Total Revenue FY2024 = 40.65B (SimFin annual, FY2024).

Key Findings

[FINANCIAL] Molina posted its first operating loss in the visible window in Q4 FY2025 (−162M, −1.4% margin) despite revenue growing +8.3% YoY — confirming the deterioration is a medical loss ratio problem, not a volume decline. TTM FCF swung from +544M (FY2024, Compustat) to −636M and OCF to −535M (SimFin TTM Q4 FY2025), a 1.18B reversal that exceeds 10% of operating income by a wide margin.

[FINANCIAL] Interest coverage collapsed from 14.5x (FY2024) to 6.6x TTM (−54% YoY), with Q4 FY2025 standalone coverage turning negative (−3.12x) on negative operating income. ROIC followed the same trajectory: 20.8% in Q3 FY2024 to −6.5% in Q4 FY2025 — a 27-percentage-point swing in five quarters driven entirely by margin compression, not by declining asset utilization (asset turnover rose to 2.92x over the same period, SimFin TTM Q4 FY2025).

[RISK] TTM FCF of −636M triggers the self-funding veto flag; the ≥15% revenue growth override does not apply (TTM YoY growth ~8–12%). The operative offset is Cash/Annual Interest ≈ 70 years (8.26B cash / ~118M estimated interest, SimFin TTM Q4 FY2025), but with negative FCF persisting, the 4.49B net cash cushion is eroding at ~260M/quarter ahead of the 800M 2028 senior note maturity.

[RISK] MOH disclosed it expects to retain only ~40% of COVID-era Medicaid membership gains as post-pandemic redeterminations proceed — implying ~60% attrition from temporary enrollment — a multi-year structural revenue headwind (Risk Factors FY2024). Separately, mandatory MMP wind-down across five states (IL, MI, OH, SC, TX) carries a hard December 2025 deadline, yet the MD&A provides zero revenue-at-risk quantification for either event (salience gap, FY2024 filing).

[VALUATION] The Penman residual income model yields intrinsic value of 27,083M (g=0) vs market cap 6,950M, a 289.7% margin of safety that persists across ±1% WACC sensitivity (25,148–29,582M). However, the Feb 2026 GAAP EPS print of −2.75 vs consensus +0.33 (−921.5% surprise) likely postdates Compustat inputs feeding the model (up to 11-month lag); halving the model ROE compresses estimated intrinsic value to ~13,000–15,000M — a substantially narrower and less certain premium (yfinance 2026-03-27; Penman/Compustat).

[DISCLOSURE] MD&A capital allocation discipline z-score reached −0.78 and −0.75 in FY2023 and FY2024 — the worst two readings in a 20-year sample and the 0th percentile vs the full filing universe. This gap widened in the same year MOH simultaneously issued 750M in new senior notes (6.250%, due 2033) and repurchased $1.0B in stock, with no leverage target, buyback rationale, or capital priority framework disclosed anywhere in the filing (10-K specificity pipeline, MD&A FY2024).